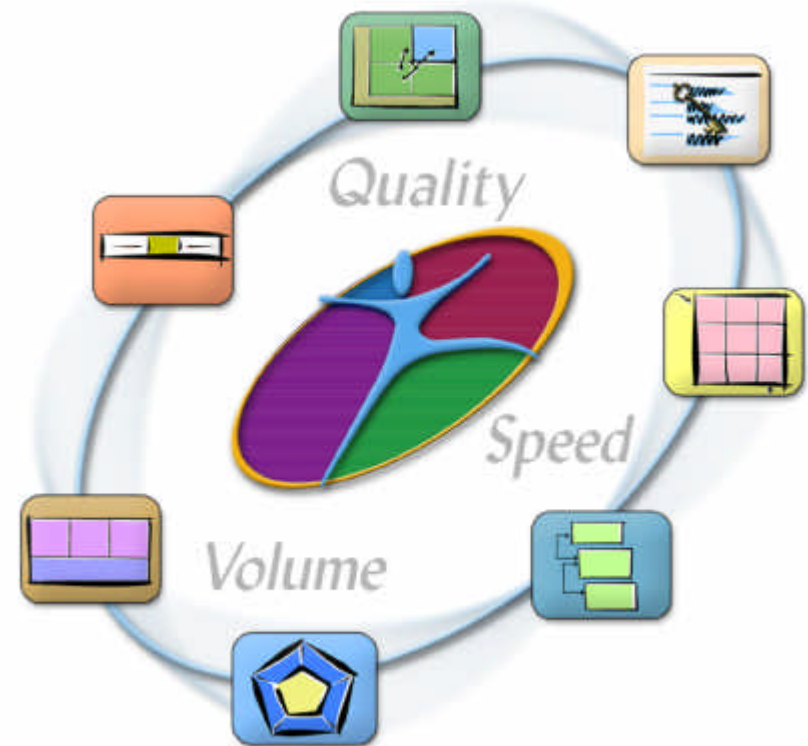




IBM Signature Selling Method

Reference Guide



SSM Sales Aids can be used in different ways:



DIALOGUE: To structure or guide a dialog with a customer



PLAN: To help the seller plan an effective customer interaction



DOCUMENT: To document desired business outcomes for the customer



If you would like to learn more about the Signature Selling Method or obtain sales aids templates or examples, reference:

w3-3.ibm.com/sales/compass/learning/sigs100/content

Introduction to SSM

The IBM Signature Selling Method (SSM) is the way we sell; how we plan for, execute, and manage sales opportunities; and how we interact with customers.

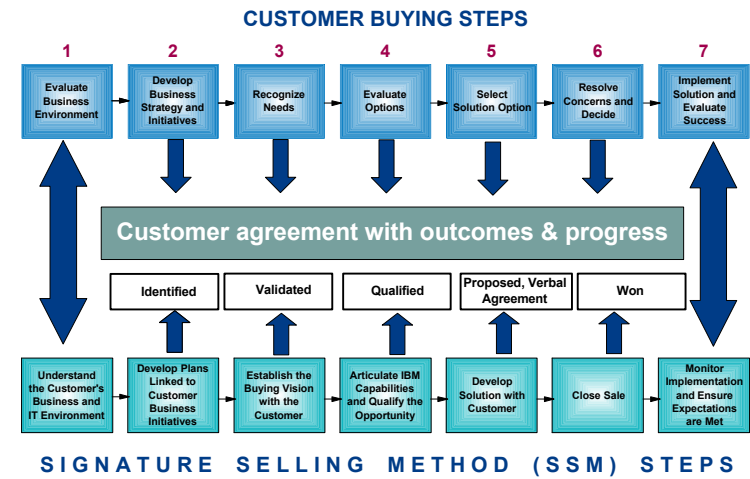
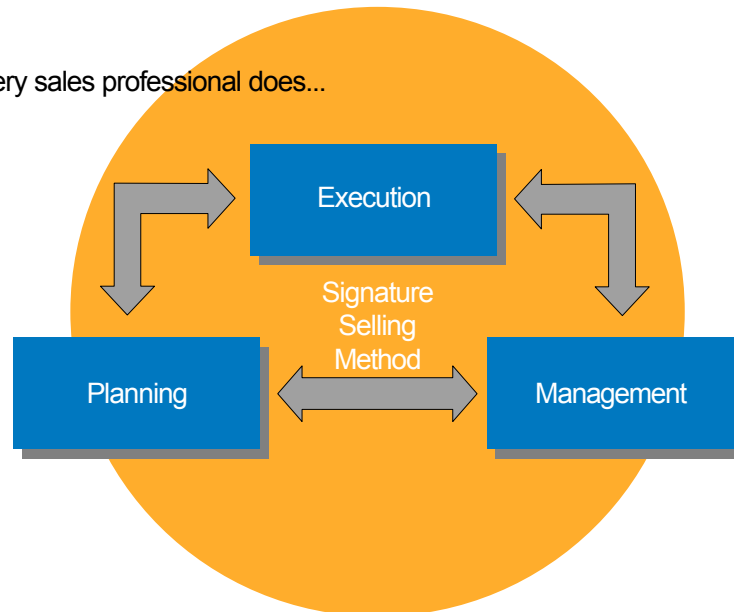
The seven logical SSM steps are aligned with the customer's buying steps. The verifiable outcome for each step provides sellers with a reference point to know where they are in the selling process. The SSM sales aids and techniques help the seller align with the customer and advance the sale.

SSM benefits us-increasing the speed, quality, and volume of opportunities-because it benefits our customers. SSM shifts our focus to our customer's buying needs, helps us align with the customer where they are in their buying process, and helps the customer make better, more informed buying decisions, thereby advancing the sale.

SSM Is a Buyer-Focused Process

SSM and You

Every sales professional does...



SSM Benefits the Customer, IBM, and You

Introduction

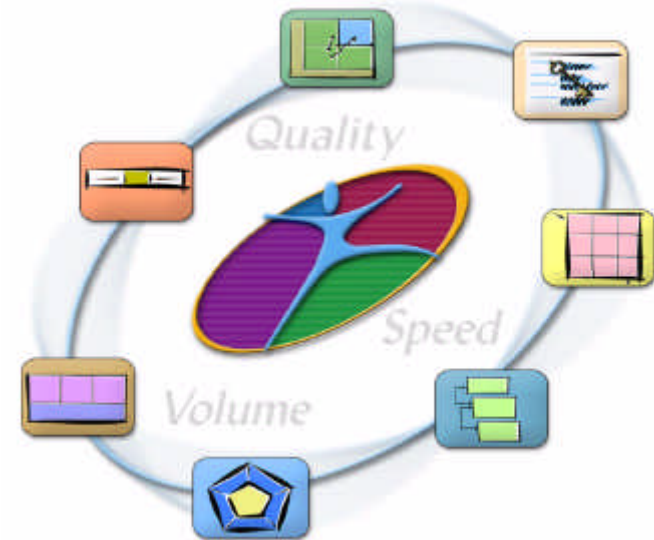
Customers see Team IBM:

- Aligning with them
- Planning before executing
- Delivering business value
- Selling total solutions

Which results in you and Team IBM seeing:

- **Speed** in the sales cycle by spending time with the right customer on the right issues
- **Speed** to engage/disengage with the right resources
- Higher **quality** and more **volume** in the pipeline
- **Higher win rate** due to added differentiation and broader value proposition

Signature Selling Method



Step 1

Step 1

SSM Benefits the Customer, IBM, and You

SSM Step 1



When the customer is:
Relationship reps
lead these activities:

We will be successful
when we achieve this
outcome:
Which can be
verified by:

And should be reflected
internally by:

Understand the Customer's Business & IT Environment

Evaluating the Business Environment

- Research customer's industry, competitors, and business direction
- Understand customer's technology and financing preferences
- Identify customer business initiatives
- Prioritize among existing IBM opportunities
- Create relationship and coverage strategies
- Develop thought leadership strategies for Team IBM

☒ Customer and Team IBM agreement to value of a relationship

- Customer review of account or territory plan (key elements) or PartnerPlan
- Set/Met discussion with customer
- Customer's business initiatives mapped to IBM priorities
- Key customer and IBM players engaged in communications
- Thought leadership focus areas mutually identified

- Initial account plan and team communications established
- Opportunity portfolio prioritized
- Relationship and coverage strategies executed

☒ Indicates Worldwide Standard

Customers see
Team IBM:

- ▶ Aligning with them
- ▶ Planning before executing
- ▶ Delivering business value
- ▶ Selling total solutions

Step 1:

- ▶ Align account plans to customer priorities
- ▶ Validate account plan*
- ▶ Map customer business initiatives to IBM priorities*
- ▶ Research customer and industry to identify thought leadership opportunities*

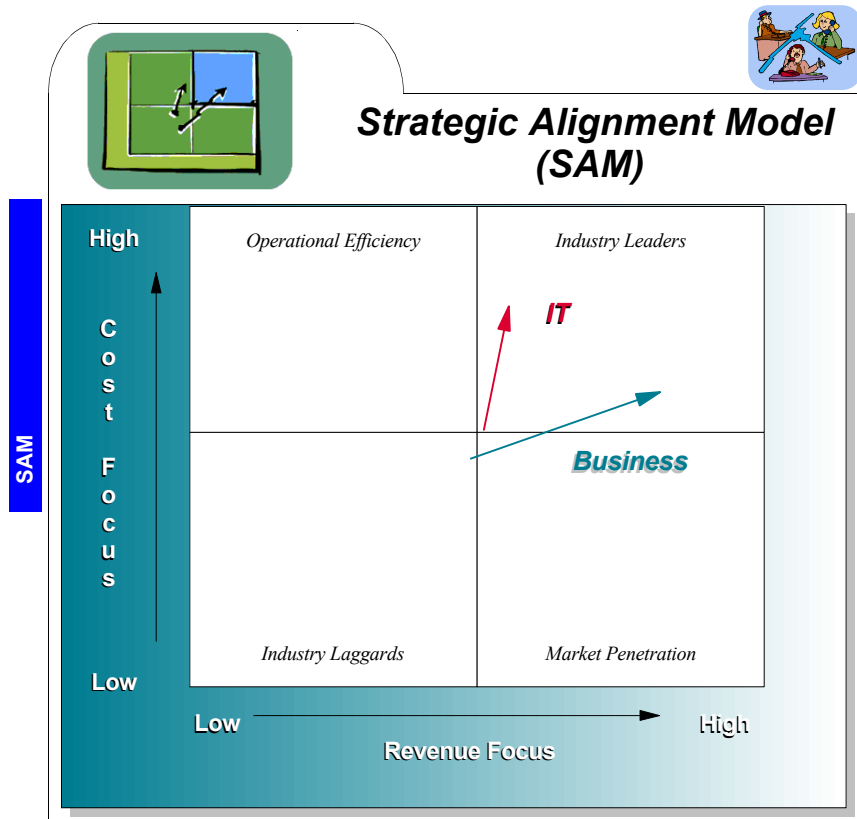
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- ▶ Higher **quality** and more **volume** in the pipeline
- ▶ **Higher win rate** due to added differentiation and broader value proposition

*Evidence of Verifiable Outcomes

Step 1

Step 1



What Is It?

The Strategic Alignment Model (SAM) is a graphical depiction of a customer's business focus for the next 18 to 36 months, coupled with a perception of how information technology (IT) is supporting that focus.

Why Is It Used?

SAM engages business executives in dialogue that helps Team IBM:

- Understand the company's relative position in the industry
- Discover the company's strategic business direction for the next 18 to 24 months (revenue or cost focus)
- Understand the executive's perception on how IT is supporting the organization's strategic business direction

SAM ensures Team IBM is aligning selling activities with the customer's business priorities.

How Is It Used?

- As an informal "pencil sell" technique for gathering information
- As a way to summarize a customer meeting
- During account planning sessions to give Team IBM a common understanding of the customer's business directions

What Input Is Required?

Sam Requires a customer executive (IT and non-IT) dialogue or a IBM team dialogue.

When Is It Used?

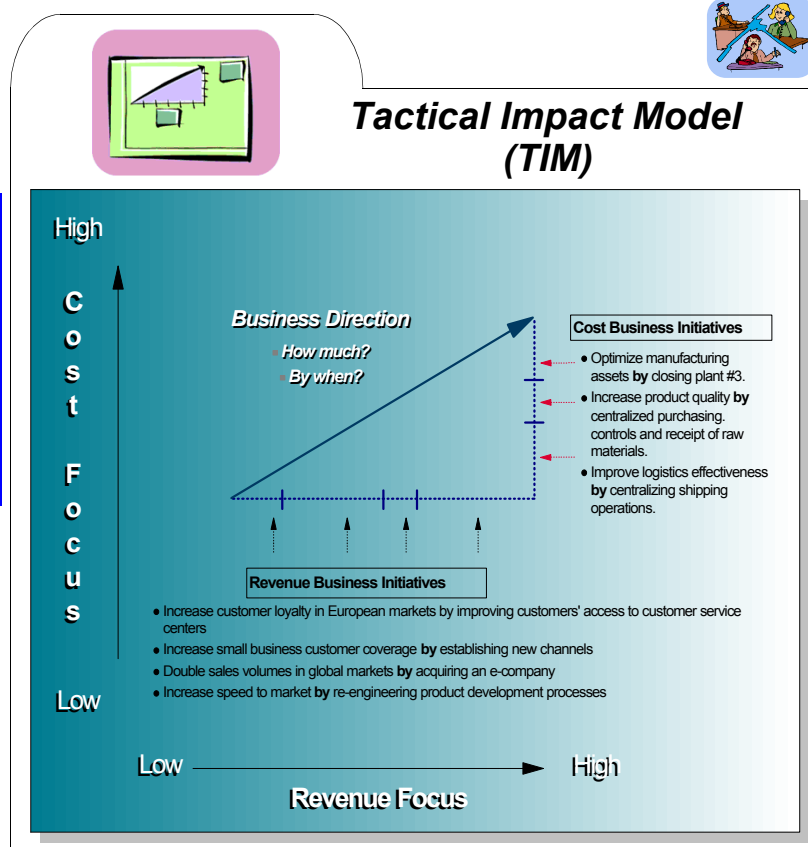
SAM is created in step 1.

Key Points to Remember:

- SAM is a "quick and clean" sales aid. *Do not* try to make it into a sophisticated analysis tool.
- For public sector accounts where revenue is equal to a budget allocation only, substitute "services" for the "revenue" axis.
- When using SAM over the telephone, suggest a scale of 1 to 10 for each axis to establish point B1.

Related Sales Aids:

Business Initiatives, TIM



How Is It Used?

- As a follow-on to SAM that adds details to the B1 or B2 lines
- As an informal "pencil sell" technique for gathering information
- To summarize a customer meeting
- To help Team IBM gain a common understanding during account planning sessions of the customer's business priorities and identify thought leadership opportunities

What Input Is Required?

Results from SAM plus customer business executive dialogue

When Is It Used?

TIM is primarily used in step 1.

What Is It?

The Tactical Impact Model (TIM) is used to:

- Further the dialogue started with the Strategic Alignment Model (SAM)
- Discover how an organization will achieve its revenue and cost objectives

Why Is It Used?

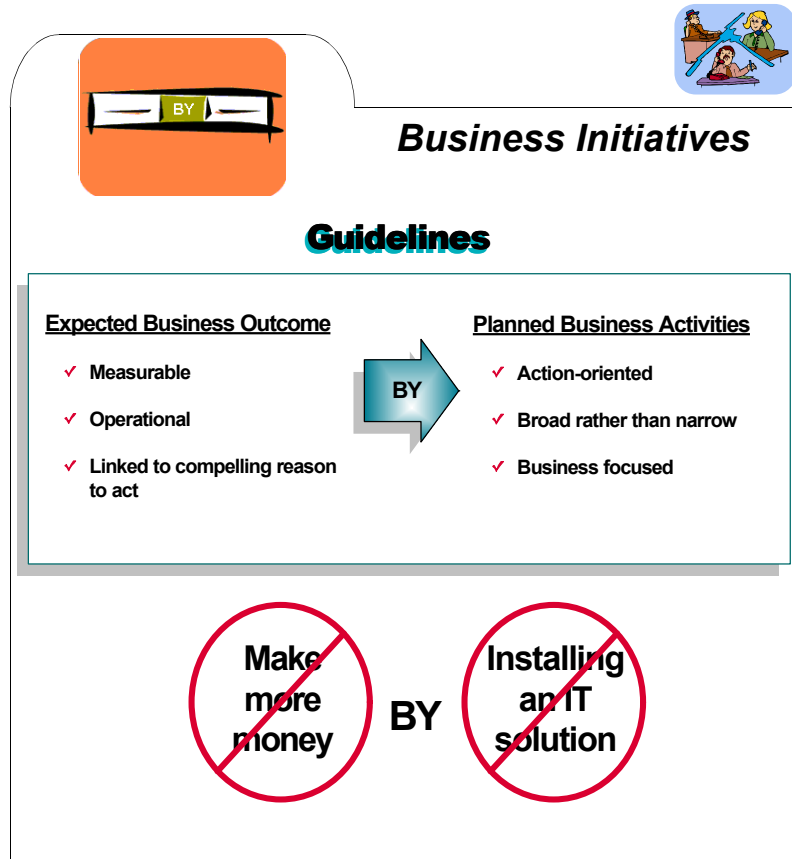
- To identify the organization's business initiatives for revenue and costs
- To discover thought leadership opportunities (especially e-business) for Team IBM when a customer does not have sufficient plans to achieve its cost reduction or revenue-enhancement targets

Key Points to Remember:

- Do not try to chart business initiatives during a customer interaction. Instead, listen for sound bytes that can be organized later.
- At a minimum, prioritize the business initiatives and quantify them when possible.

Related Sales Aids:

Business Initiatives, SAM



What Is It?

The Business Initiatives aid is a structured way to articulate an enterprise's response to business drivers. Business initiatives are expressed as expected business outcomes by planned business actions. Generally, they represent the 8 to 12 top revenue-increasing and cost-reduction business priorities for the next 18 to 36 months.

Why Is It Used?

- To have a consistent way to communicate a customer's prioritized business plans across Team IBM
- To establish a foundation for bridging from business activities to information technology solutions and Team IBM projects
- To minimize surprises late in the sales cycle when project funding can be reprioritized

How Is It Used?

- To organize and communicate information gathered using the Tactical Impact Model (TIM).
- During Team IBM account planning session, business initiatives ensure IBM projects are bridges to customer priorities.

What Input Is Required?

- Core and extended team knowledge
- Customer business executive validation
- Public sources like letters to stockholders, annual reports and Web sites

When Is It Used?

Business initiatives are started in step 1 and validated and updated throughout the sales process.

Key Points to Remember:

The best way to ensure a thorough understanding of business initiatives is to gather information from multiple sources within the organization and to validate the summarized business initiatives with top executives.

Related Sales Aids:

Opportunity Assessment, Pain Sheet, Pain Chain, SAM, TIM

Business Initiative Examples

Business Initiatives	Revenue-Oriented Business Initiative	Cost-Oriented Business Initiative
	Expand geographic penetration BY entering emerging markets	Increase ability to focus on core competencies BY outsourcing non-core activities
	Increase market awareness BY focused advertising of branded products to targeted markets	Increase buying leverage BY consolidating divisional purchasing control against standard list of suppliers
	Increase customer loyalty BY quickly introducing innovative new products and services	Increase efficiency of store operations BY reengineering the receiving process
	Expand customer base BY electrification of 10,000 additional households	Improve business control and efficiencies BY consolidation of regional facilities
	Increase non-U.S. student enrollments BY enhancing the foreign alumni program	Increase production efficiencies BY modernizing existing plants and opening new ones
	Attract new customers and further penetrate existing customer base BY introducing new financial products	Minimize tax impact BY relocating corporate headquarters
	Increase customer loyalty BY implementing a customer reward program	Increase efficiency and effectiveness of staff BY reducing training time
	Expand business outside Switzerland BY forming joint ventures and acquiring stakes in foreign operations	Improve supply chain efficiency BY establishing close relationships with fewer suppliers
	Increase “wallet share” in existing customer base BY implementing cross-selling to the most profitable customers	Improve optician productivity BY implementing best practice processes

e-business Opportunity Mining

Use the e-business Opportunity Mining tool, on Sales Compass, to identify e-business opportunities using SSM. More information can be found at:

<http://w3-3.ibm.com/sales/compass/eminig/index.html>



The e-business Opportunity Mining Tool (e-Mining Tool) is a high performance approach for e-business opportunity identification and for moving e-business mind share to market share. It addresses all the key functional areas needed to create a consultative sales strategy for an account(s).



Technology Preferences

Generic Preferences		Specific Preferences
<ul style="list-style-type: none"> Buy vs. build when possible Rapid prototyping for e-business applications Allow business units to select within established guidelines 	Applications	<ul style="list-style-type: none"> Windows Office Suite Java MS Exchange in selected business units PeopleSoft in HR Oracle Financials
<ul style="list-style-type: none"> Intranet pull technologies Migration off mainframes UNIX servers TCP/IP CAD for engineering Proven technology, not the latest 	Systems & Networks	<ul style="list-style-type: none"> Netscape browser Sun, Compaq servers IBM, Toshiba laptops Oracle DB Bull mainframes Cisco networks RS/6000 mfg's and plant floor Novel
<ul style="list-style-type: none"> Centralized customer service support Automated operations 	Systems Management	<ul style="list-style-type: none"> CA tool set in Mainframes Candle SMS on desktops
<ul style="list-style-type: none"> Train our own people when possible Selected Boutique Consulting for Web design 	Consulting and Services	<ul style="list-style-type: none"> Cap Gemini for integration E&Y for e-business strategy consulting IBM for mfg. integration

How Is It Used?

Team IBM should arrange to interview the CIO or senior-level executive of the customer's IT organization. During the interview, present the Integrated Solution Concept and determine the generic and specific preferences in each category. Additionally, the Technology Preferences chart can help Team IBM:

- Make engage/disengage decisions
- Review IBM options to determine what is the best fit with the customer's current IT preferences
- Identify where the customer is currently making IT expenditures

What Input Is Required?

- IT executive dialogue
- Customer documents (standards, architecture strategy, and so on)
- Core team and extended team knowledge of the IT organization

When Is It Used?

Technology Preferences are identified in step 1 and used in later steps.

What Is It?

The Technology Preferences chart organizes and documents customer, territory, and segment preferences (generic and specific) for each part of the Integrated Solution Concept.

Why Is It Used?

- To have a consistent way to document and communicate customer information across Team IBM
- To understand the potential fit of information technology (IT) solutions that will be proposed later in the selling process

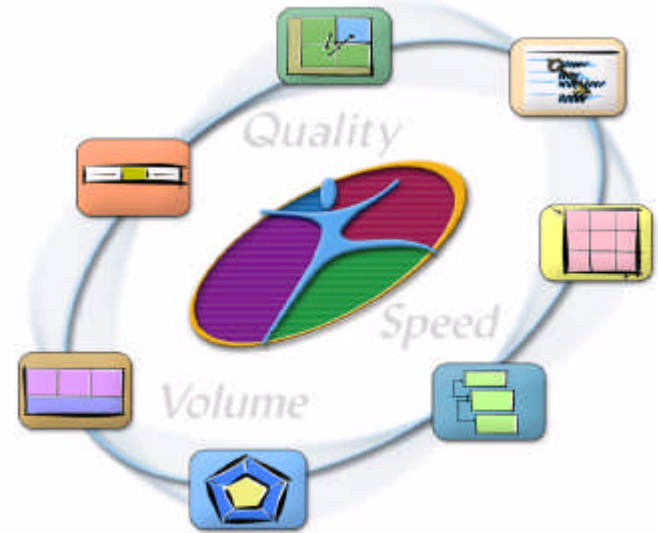
Key Points to Remember:

- Be sure to include preferences from other executives who can influence the buying decision.
- Current technology preferences might not reflect what is installed. For example, the customer might be moving away from a particular supplier or architecture.

Related Sales Aids:

Integrated Solution Concept, Solution Blueprint, Opportunity Assessment

Signature Selling Method



Step 2

Step 2

SSM Step 2



Develop Plans Linked to Customer's Business Initiatives

When the customer is:

Developing Business Strategy and Initiatives

Relationship reps /
Opportunity identifiers
lead these activities:

- Initiate dialogue to diagnose business needs
- Move thought leadership ideas to potential IBM opportunities
- Assess customer's compelling reason to act
- Create an initial opportunity plan or choose to disengage

We will be successful when
we achieve this outcome:
☒ **Customer-demonstrated interest in working with Team IBM**
Which can be
verified by:

- Customer-validated account/opportunity plan (key elements)
- Successful thought leadership dialogue with customer
- Customer-acknowledged compelling reason to act
- Potential customer sponsor identified and engaged

And should be reflected
internally by:
☒ **Sell cycle = Identified (created)**

- Initial opportunity plan which includes an Opportunity Assessment
- Updated account plan

☒ Indicates Worldwide Standard

SSM Benefits the Customer, IBM, and You

Customers see
Team IBM:

- ▶ Aligning with them
- ▶ Planning before executing
- ▶ Delivering business value
- ▶ Selling total solutions

Which results in you
and Team IBM
seeing:

- ▶ **Speed** in the sales cycle by spending time with the right customer on the right issues
- ▶ **Speed** to engage / disengage with the right resources
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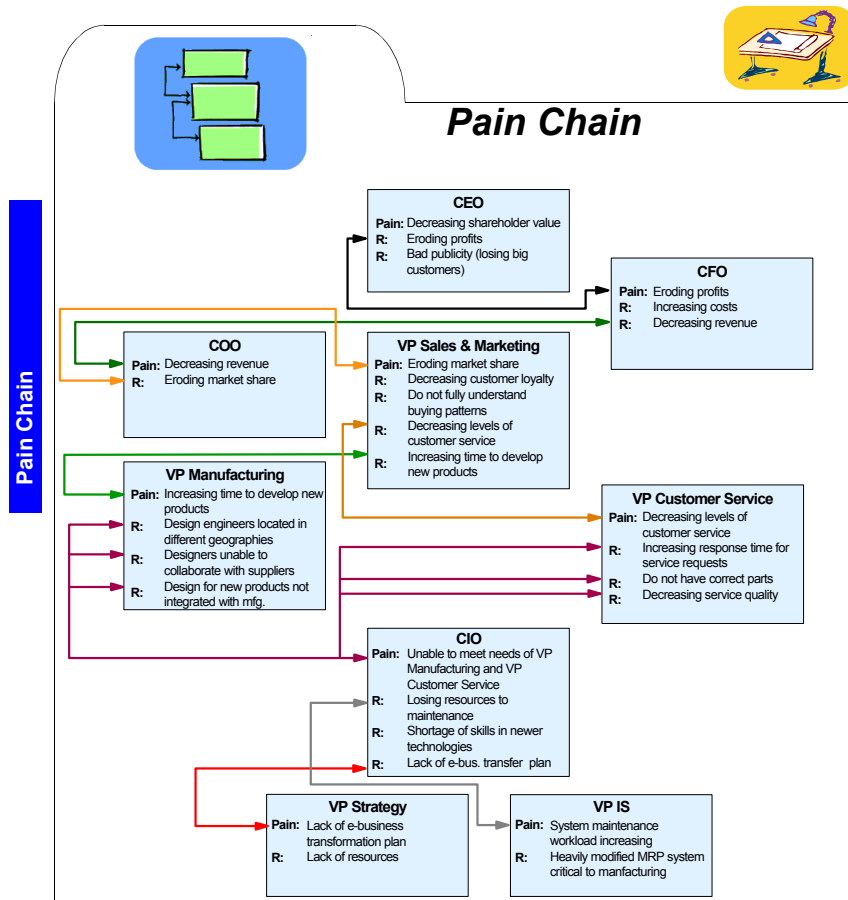
Step 2:

- ▶ Align with potential sponsor*
- ▶ Create initial Opportunity Plan*
- ▶ Identify customer pain and compelling reason to act*
- ▶ Conduct thought leadership dialogue with customer*



Sell Cycle = Identified

*Evidence of Verifiable Outcomes



What Is It?

A visual way to list the problems or "pains" affecting various management levels within a company in a cause-and-effect manner. Through the Pain Chain, the seller depicts the problems the customer is experiencing, some of the reasons for the pain, and how these problems affect other areas of the company.

Why Is It Used?

- Demonstrates the seller's understanding of the customer
- Identifies critical business issues (CBI) and reasons

- Demonstrates the organizational impact of the CBIs on the customer
- Identifies potential power sponsors

How Is It Used?

- Document and communicate customer information across Team IBM
- Potentially broaden solutions or create IBM competitive advantage by including pains of other individuals in the opportunity scope
- Identify potential power sponsors for an opportunity
- Strengthen proposal by showing the organizational impact of IBM solutions on the customer's business

What Input Is Required?

- Key Player List
- Results of questions asked in the impact column of the 9-Block Model
- Account and industry knowledge

When Is It Used?



This sales aid is created and used in steps 1 or 2, and it is updated in steps 3 and 4.

Key Points to Remember:

- The Pain Chain is a work in progress and should be updated/validated periodically to reflect new information.
- With each series of calls on new people in the organization, the seller can validate assumptions about the buyer's needs and pain.
- Review the Pain Chain before calls, especially if a long period has lapsed between calls.
- There should be a correlation between the pains of key players in the account and the business initiatives.

Related Sales Aids:

Key Players List, 9-Block Model, Business Initiatives

Opportunity Assessment

SALES OPPORTUNITY		SALESPERSON	
ACCOUNT LOCATION		COMPETITOR(S)	
ORDER AMOUNT	CLOSE DATE	SOLUTION PROPOSED	

Write in the date and assess your position using + or -. If you don't know, put a question mark. Assess your competitor's position. Repeat at critical points in the sales campaign.

IS THERE AN OPPORTUNITY?				DATE	DATE	DATE
1	CUSTOMER'S BUSINESS INITIATIVES	DEFINED UNDEFINED	+ -	IBM		
2	CUSTOMER'S BUSINESS/MARKET PROFILE	STRONG WEAK	+ -	IBM		
3	CUSTOMER'S FINANCIAL CONDITION	STRONG WEAK	+ -	IBM		
4	ACCESS TO FUNDS	YES NO	+ -	IBM		
5	COMPELLING REASON TO ACT	DEFINED UNDEFINED	+ -	IBM		
CAN WE COMPETE?				DATE	DATE	DATE
6	FORMAL DECISION-MAKING PROCESS	DEFINED UNDEFINED	+ -	IBM		
7	SOLUTION FIT-BUSINESS INITIATIVES	GOOD POOR	+ -	IBM		
8	SOLUTION FIT-IT PREFERENCES	GOOD POOR	+ -	IBM		
9	RESOURCE/CAPABILITY REQUIREMENTS	LOW HIGH	+ -	IBM		
10	UNIQUE BUSINESS VALUE	STRONG WEAK	+ -	IBM		
11	CURRENT CUSTOMER RELATIONSHIP	STRONG WEAK	+ -	IBM		
CAN WE WIN?				DATE	DATE	DATE
12	ACCESS TO POWER	STRONG WEAK	+ -	IBM		
13	CUSTOMER'S BUYING VISION	FAVORABLE UNFAVORABLE	+ -	IBM		
14	INFORMAL DECISION-MAKING PROCESS	STRONG WEAK	+ -	IBM		
15	POLITICAL ALIGNMENT	STRONG WEAK	+ -	IBM		
16	CULTURAL COMPATIBILITY	GOOD POOR	+ -	IBM		
17	EVALUATION PLAN	AGREE DISAGREE	+ -	IBM		
IS IT WORTH WINNING?				DATE	DATE	DATE
18	SHORT-TERM REVENUE	HIGH LOW	+ -	IBM		
19	FUTURE REVENUE	HIGH LOW	+ -	IBM		
20	PROFITABILITY	HIGH LOW	+ -	IBM		
21	DEGREE OF RISK	LOW HIGH	+ -	IBM		
22	STRATEGIC VALUE	YES NO	+ -	IBM		

What Is It?

A series of 22 topics and questions organized to help assess opportunities. The primary questions that the assessment helps address are:

- Is there an opportunity?
- Can we compete?
- Can we win?
- Is it worth winning?

Why Is It Used?

To make informed choices about which opportunities to engage in or disengage from:

- As a seller looking across a territory
- As a manager looking across a unit
- As an executive looking across a business unit or negotiating with other business units
- To provide insight into choosing a competitive strategy for the opportunity

How Is It Used?

Answer each question on the Opportunity Assessment with:

- “+” if the information is known and favorable to IBM (competitor)
- “-” if the information is known and unfavorable to IBM (competitor)
- “?” if the information is unknown

The Opportunity Assessment is used:

- As an initial assessment of opportunities to make engagement decisions
- As an ongoing record of key information that is discovered during the selling process to make disengagement decisions
- To analyze wins and losses (where and why did Team IBM not have accurate information?)
- As a common framework for Team IBM to debate resource allocations

What Input Is Required?

Information about:

- The account
- The competition
- IBM's capabilities

When Is It Used?

This sales aid can be initiated in step 2 and used throughout the remainder of the selling steps.

Key Points to Remember:

- This is not a scientific sales aid that automatically generates an engage/disengage decision based on the number of + and - responses. It helps identify the information Team IBM needs to make an informed decision.
- Like all sales aids, the Opportunity Assessment should be used only when appropriate. It might not be necessary to complete the form for small transactions, but the questions form a useful mental model.

Related Sales Aids:

All

How to Know if There Is an Opportunity?

The following charts identify critical questions that address the viability of opportunities.

Is There an Opportunity?

#1 Customer's Business Initiatives	<ul style="list-style-type: none"> • What are the customer's business initiatives as they relate to this project? • What are the customer's key issues and objectives for the project? • Who initiated the project? Who will be working on the project? • How does this project link to the customer's business initiatives?
#2 Customer's Business / Market Profile	<ul style="list-style-type: none"> • What are the customer's products and services? • What are its key markets? • Who are its key customers and competitors? • What is driving the customer's business internally and externally?
#3 Customer's Financial Condition	<ul style="list-style-type: none"> • What are the customer's revenue and profit trends? • How do its financials compare to similar companies? • What is its financial outlook? • What are the customer's key performance metrics?
#4 Access to Funds	<ul style="list-style-type: none"> • What is the budget for this project? • What is the customer's budgeting process? • What is the priority of this project compared to others? • What are the customer's alternative uses of capital?
#5 Compelling Reason to Act	<ul style="list-style-type: none"> • Why does the customer have to act? • What is the dead line for the customer to make a decision? • What is the payback for the customer if the project is completed on time? • What will be the measurable impact on the customer's business?

Can We Compete?

#6 Formal Decision-Making Process	<ul style="list-style-type: none"> What are the customer's decision criteria? What is the formal decision process? Which decision criteria are most important? Why? Who formulated the decision criteria?
#7 Solution Fit– Business Initiatives	<ul style="list-style-type: none"> How well does our solution address the customer's business initiatives? What does the customer think? What modifications or enhancements will be required? What external resources do we need to meet the customer's requirements?
#8 Solution Fit IT Preferences	<ul style="list-style-type: none"> How well does our technology solution interface with the customer's current IT preferences? Have we developed a total solution that includes the Integrated Solution Concept? Does our IT solution solve the customer's problem? What does the customer think? What additional modifications or enhancements will be required? Do we need any external resources to meet the customer's requirements?
#9 Resource/Capability Requirements	<ul style="list-style-type: none"> How much time will the sales team need to invest on this opportunity? What additional internal or external resources and capabilities will you need to win this opportunity? What is the projected cost of sales? What is the opportunity cost?
#10 Unique Business Value	<ul style="list-style-type: none"> What is the specific or measurable business result that we will deliver? How does the customer define value? How will they measure it? How have we quantified this value in the customer's terms? How does this value differentiate us from our competitors?
#11 Current Customer Relationship	<ul style="list-style-type: none"> What is the status of your relationship with the customer? What is the status of each competitor's relationship with the customer? Whose relationship provides competitive advantage for this opportunity? How do you and each of your competitors compare to the customer's view of the ideal relationship?

Can We Win?

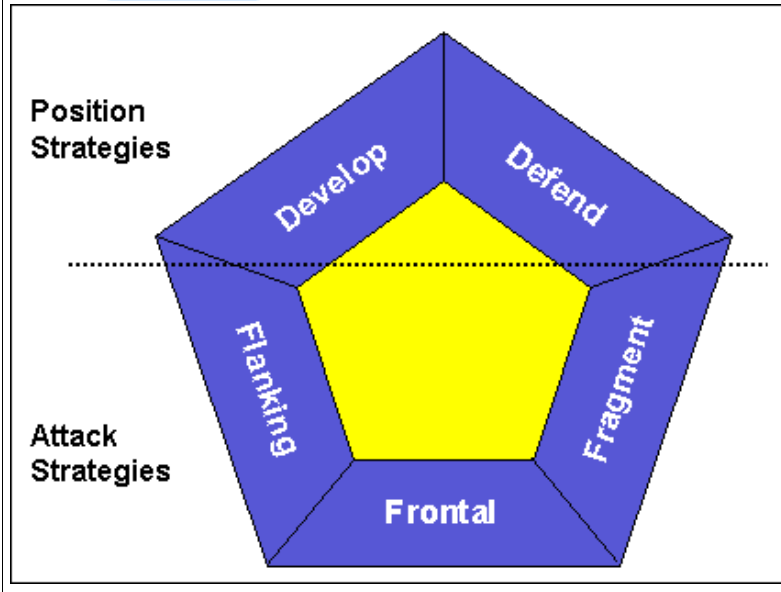
#12 Access to Power	<ul style="list-style-type: none"> Who in the customer's organization wants us to win? What have they done to indicate their support? Are they willing and able to act on your behalf? Is that person in power? Could that person be defined as a power sponsor? Have we created a sponsor letter and reviewed it with that person?
#13 Customer's Buying Vision	<ul style="list-style-type: none"> Does the customer have a buying vision for this opportunity? Do we thoroughly understand the customer's buying vision? Did we help craft that buying vision? Are we aligned with the customer's buying vision for this opportunity?
#14 Informal Decision-Making Process	<ul style="list-style-type: none"> How will the decision really be made? What intangible, subjective factors could affect this decision? What are the unstated issues? Whose private opinions do we know? Which ones count?
#15 Political Alignment	<ul style="list-style-type: none"> Who are the most powerful people involved in this decision? Do they want us to win? Why? Are they able to influence or change the decision criteria? Can they create a sense of urgency? How have they demonstrated this in the past?
#16 Cultural Compatibility	<ul style="list-style-type: none"> What is the customer's culture? How does this compare with our company? What is the customer's philosophy towards vendors and suppliers? Can we adjust or adapt? Do we want to?
#17 Evaluation Plan	<ul style="list-style-type: none"> Have we created an Evaluation Plan for this opportunity? Have we reviewed the Evaluation Plan with our power sponsor? Do we have the power sponsor's agreement with the overall plan? Have we included some mutual checkpoints within the plan?

Is It Worth Winning?

#18 Short-Term Revenue	<ul style="list-style-type: none"> • What is the order amount? • Does it exceed our threshold? > \$ _____ • When will it close? • Is it within our time frame? < _____ days
#19 Future Revenue	<ul style="list-style-type: none"> • What is the potential for future business within the next year? Within the next three years? • Does it exceed our thresholds? • How is this project or application linked to future revenue? Have we considered all the e-business potential associated with this customer? • How will you ensure customer promises become commitments?
#20 Profitability	<ul style="list-style-type: none"> • What is the projected profit on this sales opportunity? • Does it exceed our profit threshold? • What impact will discounts have on profitability? • How can we improve the profitability on this opportunity?
#21 Degree of Risk	<ul style="list-style-type: none"> • How could we cause our solution to fail? • What are the critical dependencies in delivering value to the customer? • How could the customer cause our solution to fail? • What is the impact on our business if the solution fails?
#22 Strategic Value	<ul style="list-style-type: none"> • What is the value of this opportunity to us beyond the revenue? • How does this opportunity fit in our business plan? • How can we leverage this opportunity into revenue from other companies or markets? • How will this opportunity help us improve our product or service?



Competitive Strategies



What Is It?

A framework for selecting and implementing one of five possible competitive strategies for an opportunity.

Why Is It Used?

- To maximize the odds of winning an opportunity by choosing the best strategy for a particular situation
- To ensure Team IBM has a common approach to defeat competition and is not operating at cross purposes

How Is It Used?

- The competitive strategy can be selected by an individual or Team IBM, depending on the size and complexity of the opportunity.
- Follow the series of questions in the flowchart to arrive at the appropriate strategy. If an attack strategy is not possible, then a position strategy might be appropriate. Further analysis might suggest one of the strategy variations.
- A competitive strategy should only be selected when there is sufficient information available to make a wise choice.

What Input Is Required?

A complete opportunity assessment that provides information on the opportunity, the customer, and the competition.

When Is It Used?

Competitive strategies are developed and used throughout the sales process. They are commonly initiated in steps 2 or 3 and used with Team IBM in steps 3, 4, and 5.

Key Points to Remember:

- Review the caveats in the Competitive Strategies table to ensure the selected strategy is capable of being implemented.
- After it is selected, the competitive strategy should not be altered unless there is a significant change in the situation (such as customer personnel changes, new product announcements, and so on).
- Ensure the tactics developed are supportive of the strategy (for instance if using frontal, create an evaluation plan that has a short duration).

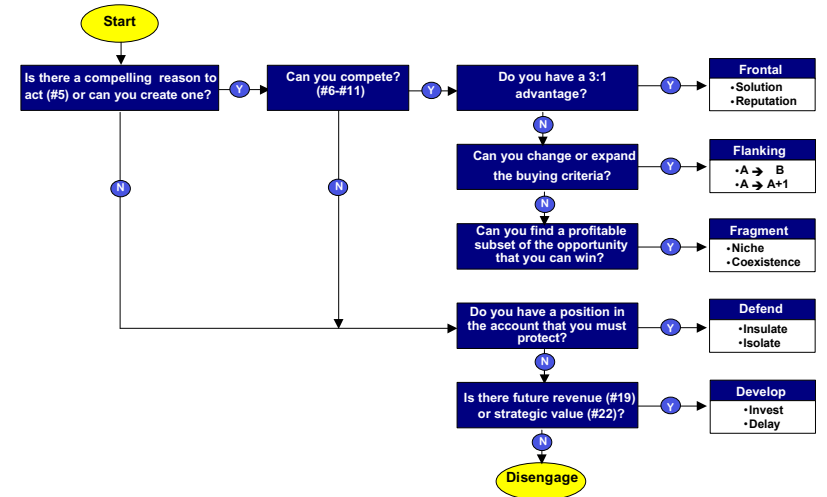
Related Sales Aids:

Opportunity Assessment, Evaluation Plan, Preliminary Solution, 9-Block Model

Competitive Strategies

	Attack			Position	
Use	<ul style="list-style-type: none"> Compelling reason to act exists or you can create one AND You are in a position to compete 			<ul style="list-style-type: none"> No compelling reason to act exists OR Not in a position to win 	
	Frontal	Flanking	Fragment	Defend	Develop
Type					
Variations	Solution	Alter the Rules	Niche	Insulate	Invest
	Reputation	Acknowledge and Expand	Peaceful Coexistence	Isolate	Delay
Conditions	<ul style="list-style-type: none"> 3:1 Advantage Size Speed Surprise 	<ul style="list-style-type: none"> Your strength Competition's weakness Business value Inside support 	<ul style="list-style-type: none"> Foot in the door By dept. or location By function Compatibility 	<ul style="list-style-type: none"> High ground Defense in breadth 	<ul style="list-style-type: none"> Investment marketing Establish presence Attractive future alternative
Caveats	<ul style="list-style-type: none"> Blatant Obvious Resource-intensive 	<ul style="list-style-type: none"> Timing Target 	<ul style="list-style-type: none"> Cost of sales Correct base for future 	<ul style="list-style-type: none"> Extend presence Self-isolation 	<ul style="list-style-type: none"> Qualify the return Credibility Inside alignment

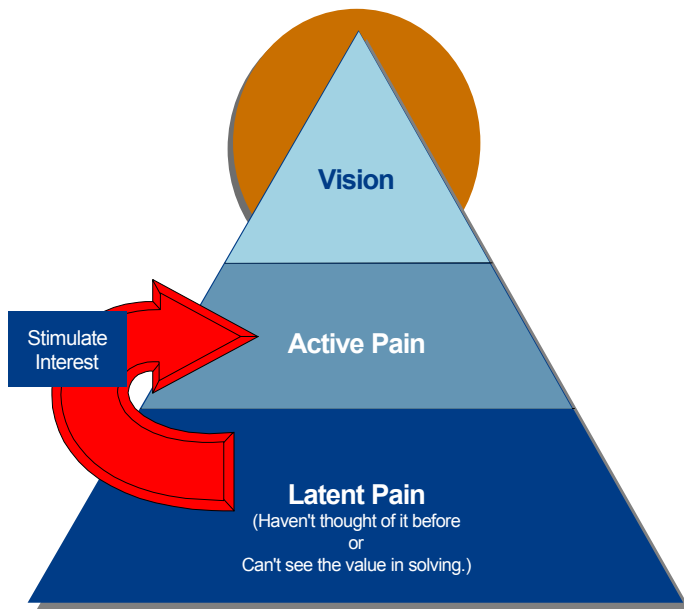
Summary



Where to Focus?

The remaining tools in step 3 focus on stimulating the client's interest. Before reading about the tools, take a moment to ensure that your efforts are focused on the right people and the right activities.

Filling the Pipeline





Key Players List

Manufacturing Example

Key Player	Pains	* Partial List
CEO	<ul style="list-style-type: none"> - Eroding market share - Not meeting investors expectations - Declining profitability - Decreasing shareholders value / EPS 	
COO	<ul style="list-style-type: none"> - Inconsistent quality - Increasing operating cost and expenses - Declining margins - Cost of goods sold rising - Can't meet current customer demands - Operating profits falling - Inability to consistently reach productivity goals 	
CFO	<ul style="list-style-type: none"> - Eroding profitability - Lack of timely and accurate reporting - Cash flow problems - Declining ROI and ROA 	
VP Sales / Marketing	<ul style="list-style-type: none"> - Eroding market share - Decreasing revenues - Increasing cost of sales and marketing - Inability to accurately forecast revenue 	
VP Manufacturing	<ul style="list-style-type: none"> - Not meeting manufacturing or shipment schedules - Excessive inventory levels - Increasing cost of developing new products - Lack of capital for equipment - Inability to meet cost targets 	



- To identify other individuals within an organization who might be impacted by a pain (Box I2 of the 9-Block Model and Pain Sheet)
- To build a Pain Chain for an account

What Input Is Required?

Research, industry knowledge.

When Is It Used?

The Key Players List is created from information gathered in step 1. It is used primarily in executing steps 2 and 3.

What Is It?

The Key Players List is a listing by industry of important titles and highly likely Critical Business Issues (CBI) or “Pain.”

Why Is It Used?

- To increase seller productivity by providing a starting point for generating interest in an account
- To leverage customer executive issues in different industries
- To identify potential power sponsors for opportunities

How Is It Used?

- To decide who to call on within an account
- To prepare questions and topics for a call

Key Points to Remember:

- The Key Players List shows a generic list of titles and pains by industry; they are not customer-specific. Always validate the applicability to your customer.
- Some business units might want to customize this tool.

Related Sales Aids:

9-Block Model, Business Development Prompter, Pain Sheet, Pain Chain, Business Initiatives, Reference Story



Business Development Prompter

Example

This is Maria Sanchez with IBM. (We have not spoken before but) we have been working with companies in the electronic manufacturing industry for (the last) many years. One of the chief concerns we are hearing lately from other Sales and Marketing Executives is their frustration with eroding market share. We have been able to help our customers address this issue in fact, one customer improved market share by 7%. Would you be interested in how we helped them?

What Input Is Required?

- Review of the Key Player List (KPL)
- Reference stories
- Market research

When Is It Used?

The Business Development Prompter is created and used primarily in step 2.

What Is It?

A short development prompter designed to stimulate a prospect's interest by describing how Team IBM can help the customer address critical business issues.

Why Is It Used?

- To generate interest in working with Team IBM
- To create sufficient curiosity in the prospect to warrant additional conversations with the seller

How Is It Used?

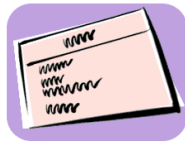
This aid should be developed and practiced as a "prompter," not as a word-for-word script. It can be used face-to-face or over the telephone. It should be written for a specific title and pain.

Key Points to Remember:

- Research shows that you have 20 to 30 seconds to capture a prospect's attention. The example Business Development Prompter was created with that in mind.
- The purpose of the Business Development Prompter is to create curiosity only, not to sell a solution.

Related Sales Aids:

Key Players List, Reference Story



Reference Story

Situation:	VP Manufacturing, electronics manufacturing company.
Critical issue:	Increasing costs of developing new products.
Reasons:	A widely dispersed engineering team was not effectively sharing design work or communicating with key suppliers.
Capabilities needed:	She said when working on designs for new projects that her engineers and staff needed a way to work independently of geographical concerns, acquire real-time information and needs from suppliers, and develop manufacturing specs-all as part of the design process.
We provided:	Her with those capabilities.
Result:	After the first year of implementation, she saw her development costs drop by 13%.

What Is It?

A short summary of a successful installation or engagement. Using a consistent format, it describes a critical business issue, vision of a solution, and the measurable results achieved by a similar customer.

Why Is It Used?

- To stimulate interest in working with Team IBM
- To help the seller gain credibility with the prospect
- To help the prospect admit pain
- To leverage IBM's past success

How Is It Used?

Prepare using the format, draw information from successful opportunity, and place into template. Use verbally with prospect to:

- Build credibility; get pain admitted
- Can be crafted from information available in the reference database or from other successes
- Use verbally with the prospect either face-to-face or over the telephone

What Input Is Required?

Specific information from previous successes: Title, Pain, Reasons for Pain, Vision of a Solution, and Quantifiable Results.

When Is It Used?

The Reference Story is used in step 2, but it can be created in step 7. It might also be referred to in steps 3 and 4.

Key Points to Remember:

- Reference stories should be written for a specific person and a specific pain. They should not be generic.
- One successful implementation can be used to create multiple reference stories.

Related Sales Aids:

Business Development Prompter, Key Player List, Value Statement



Value Statement

"We believe Homebody Electronics should be able to decrease its engineering design costs of new product development by 15%

(valued at over USD 1 million annually)

through the ability for designers to collaborate globally on design and development projects as a result of implementing an IBM-accelerated product development capability."

Assumptions

- Global electronics manufacturing company with sales of USD 2.6 billion
- Global design staff of 45 senior engineers
- Average burdened salary rate of USD 156,000 annually
- Savings range of 10% to 25% (from Product Design Manager Market analysis) -chose 15% for analysis

What Is It?

A concise statement that uses results from a previous successful engagement to project potential value to a prospective customer facing a similar situation.

Why Is It Used?

- To stimulate interest in working with Team IBM
- To create curiosity with a prospect
- To help a prospect admit pain

How Is It Used?

Quantified, measured results from a successful installation are extrapolated to the prospect opportunity. The extrapolation uses available information about the prospect account without engaging in extensive research.

What Input Is Required?

Success stories, reference database, market research, account research

When Is It Used?

The Value Statement is created in step 2. It can be used in step 3 and refined in steps 4 and 5.

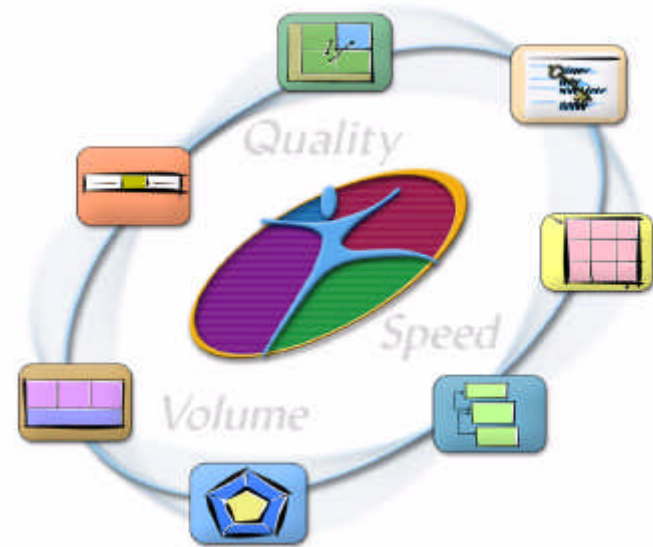
Key Points to Remember:

- Be careful to position Value Statements. They should create curiosity within the customer to further explore possibilities. They are not Team IBM promises to the customer.
- Some minor modification to this sales aid might be required by Business Units.

Related Sales Aids:

Preliminary Solution, Reference Story

Signature Selling Method



Step 3

Step 3

SSM Step 3



Establish Buying Vision with Customer

When the customer is:

Relationship reps / Opportunity identifiers lead these activities:

We will be successful when we achieve this outcome:

Which can be verified by:

And should be reflected internally by:

Recognizing Needs	
■ Clarify business needs and define initial requirements	
■ Transition from the customer's business initiatives to a conceptual business solution	
■ Confirm the customer's sponsorship and ability to decide	
■ Negotiate access to Power Sponsor, if appropriate	
<input checked="" type="checkbox"/> Customer-stated business need, buying vision, and agreement to support Team IBM access to Power Sponsor	
■ Business Initiatives and requirements confirmed	
■ Customer buying vision developed and/or influenced	
■ Initial Conditions of Satisfaction agreed with customer	
■ Sponsor communication acknowledged and agreed	
<input checked="" type="checkbox"/> Sell cycle = Validated	
<input checked="" type="checkbox"/> Updated win odds in the opportunity management system to reflect forecast decision	
■ Updated opportunity plan	
<input checked="" type="checkbox"/> Indicates Worldwide Standard	

SSM Benefits the Customer, IBM, and You

Customers see Team IBM:

- ▶ Aligning with them
- ▶ Planning before executing
- ▶ Delivering business value
- ▶ Selling total solutions

Which results in you and Team IBM seeing:

- ▶ **Speed** in the sales cycle by spending time with the right customer on the right issues
- ▶ **Speed** to engage / disengage with the right resources
- ▶ Higher **quality** and more **volume** in the pipeline
- ▶ **Higher win rate** due to added differentiation and broader value proposition

Step 3:

- ▶ Create sponsor communication on next steps*
- ▶ Update Opportunity Plan*
- ▶ Confirm business initiatives and requirements*
- ▶ Create initial buying vision*


Sell Cycle = Validated

*Evidence of Verifiable Outcomes

Step 3

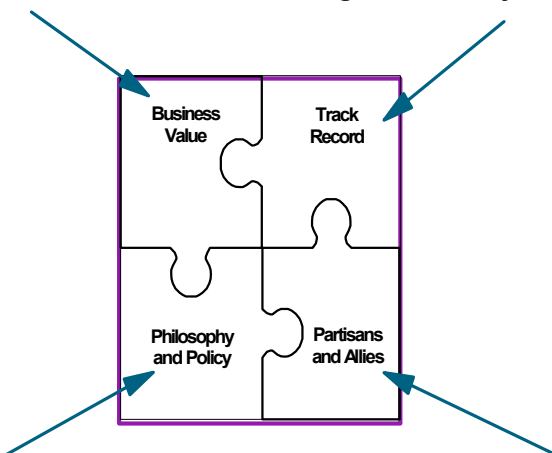
Step 3



Identifying Influence



- Who defines and creates it?
- Who has been successful in the past?
- Who delivers it?
- Who gets the new key assignments?



- Who establishes it?
- Who is connected to whom?
- Who can change it?
- Who do they go to for advice?

What Is It?

This tool provides questions that help salespeople identify the individuals inside an organization who have influence. The questions are grouped into four categories that provide the “corner pieces of the influence puzzle”: Business Value, Philosophy and Policy, Track Record, and Partisans and Allies.

Why Is It Used?

For a given opportunity, the Identifying Influence tool helps Team IBM determine an organization's:

- Political structure
- Inner circle
- Lines of influence

It can help determine or validate if a person is a Power Sponsor.

How Is It Used?

Because customers do not carry business cards that declare whether they are important, sellers must discover this information through indirect means. These questions are used as general guidelines. The seller studies these questions and frames them as appropriate during customer dialogue.

What Input Is Required?

- Customer dialogue
- Input from other Team IBM members

When Is It Used?

The influence questions are most useful during step 3, but they serve as a validation technique during steps 4 and 5.

Key Points to Remember:

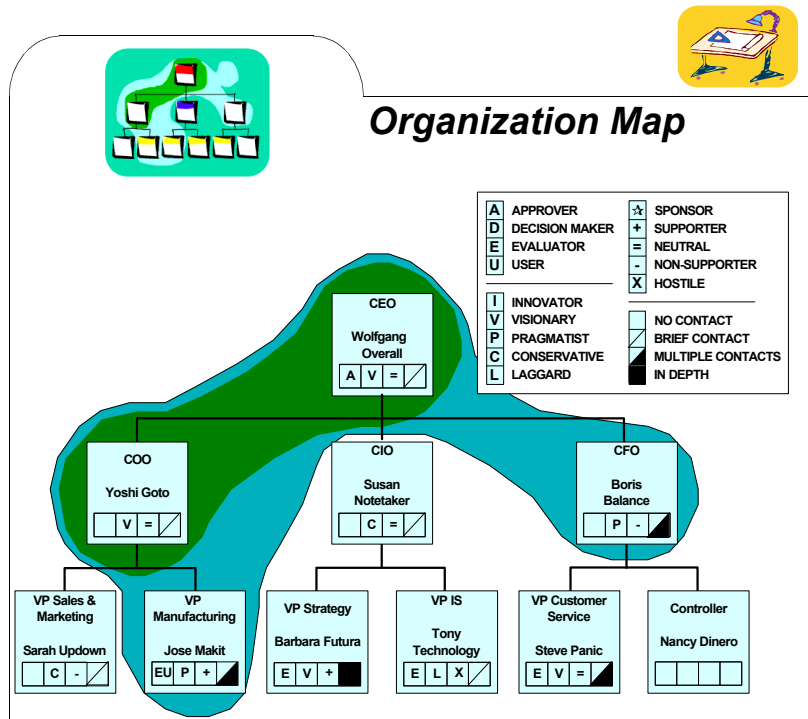
When determining influence, triangulate information from multiple sources to develop an accurate picture of influence within an organization. Influence can change over time and can differ from opportunity to opportunity within the same organization. Validate earlier conclusions.

Related Sales Aids:

Organization Map

Identifying Influence Questions

BUSINESS VALUE	TRACK RECORD
<ul style="list-style-type: none"> ❑ What are the company's goals and objectives? ❑ Who defined them? Who can change them? ❑ What conditions led to the creation of those goals and objectives? ❑ What could cause these goals and objectives to change? ❑ What are the critical success factors that will enable the company to accomplish its goals and objectives? ❑ How does this project link to the company's corporate goals and objectives? ❑ What is the priority of this project? Who set that priority? Who can change the priority? ❑ Who will be held accountable for the success or failure of this project? How will the results be measured? By whom? When? ❑ Who set the criteria for determining the success of this project? 	<ul style="list-style-type: none"> ❑ Who is formally or informally involved in this project or decision? Who affects or is affected by this project or decision? ❑ How long have they been with the company? What positions have they held? Were they successful in previous positions? ❑ In what other projects or decisions have they been involved? What were the outcomes of those projects? Were they considered successful? By whom? ❑ When was their last promotion? Why were they promoted? Who promoted them? ❑ Where else have they worked? In what capacity? What did they accomplish there? Who in the Political Structure or Inner Circle has worked with them before? ❑ To what would they attribute their success? What would others say? How would others describe this person?
PHILOSOPHY AND POLICY	PARTISANS AND ALLIES
<ul style="list-style-type: none"> ❑ What is the company's philosophy or culture? How has it evolved over the years? What changes are you planning to ensure the long-term success of your company? ❑ How is the company's culture or philosophy changing? Who is setting the tone for the company today? ❑ What is the company's stated philosophy towards outside suppliers or business partners? ❑ What actually happens in practice? Who can change these policies? ❑ Whom do they consider their key outside suppliers or business partners? How and why were they chosen? Who selected them? ❑ How will the company's culture or philosophy affect this project or decision? ❑ Who set up the policies and procedures for this evaluation or decision? Are they consistent with current policy or past practice? ❑ Who are the people who can subtly circumvent the formal procedures to get things done? 	<p>Regarding the people directly involved in this project or decision:</p> <ul style="list-style-type: none"> ❑ Why were they selected for this project or decision? Who selected them? ❑ Who brought them into the company? ❑ Where do they go to for advice? Who is their mentor? ❑ Is there someone outside of your company who will be involved in the decision? ❑ Which people have worked on a project or decision together in the past? What was the outcome? ❑ Which members of the project team spend time together informally? What is the connection? ❑ Who have you approached to test your plan? What was their reaction? <p>Regarding the person who selected the people involved in this decision:</p> <ul style="list-style-type: none"> ❑ When they have an important decision to make, where do they go for advice? Inside the company? Outside the company? ❑ Who have they brought into the company? Who are they mentoring? Have those people been successful?



- Helps identify Power Sponsors for an opportunity
- Helps sellers develop competitive strategies and tactics

How Is It Used?

The seller superimposes the informal buying process for an opportunity on the formal organization chart to note the following:

- The inner circle and political structure (groups)
- Lines of influence (individual to individual)
- Adaptability to change (individual)
- Formal role in the buying process (individual)
- Relationship status with seller (individual)
- Coverage (individual)

What Input Is Required?

- Customer documentation
- Influence questions
- Team's knowledge of key players

When Is It Used?

Portions of the Organization Map might be completed in step 1. It is refined for each opportunity in steps 2 and 3 and used in steps 4 and 5.

What Is It?

The Organization Map is a graphical representation of the formal and informal (political) structure of the customer organization, showing:

- Rank/influence
- Formal roles in the buying process
- Adaptability to change
- Coverage (time spent with each key player)
- Relationship status of customer with seller

Why Is It Used?

- Helps Team IBM focus on the right issues with the right people for an opportunity
- Communicates and saves information about the customer and the opportunity

Key Points to Remember:

Power Sponsors for opportunities are typically found in the inner circle. The political structure and inner circle might shift from opportunity to opportunity.

Related Sales Aids:

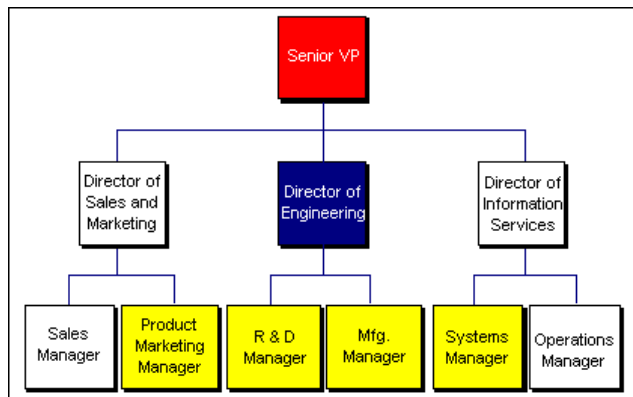
Key Players List, Influence Questions

Using the Organization Map

Developing an Organization Map is a seven step iterative process. In order to be accurate, the Organization Map needs to be updated to reflect the current climate of the organization. The seven steps are:

1. Map the organization.
2. Identify formal roles in the buying process.
3. Identify adaptability to change.
4. Indicate coverage.
5. Indicate the status towards the sale.
6. Identify the political structure and the inner circle.
7. Identify lines of influence.

These steps are simplified when the Organization Map tool is used. The tool is available on Sales Compass.



1. Map the organization.
Begin by developing a standard organizational chart. This is simply the formal version of the organization and reporting structure.

2. Identify formal roles in the buying process.

Next, in the first box below the title and position, identify the personal characteristics of each of the key players in the formal buying process. Each individual in the formal buying process has a specific role, and these roles tend to be in one or more of four categories: Approver, Decision Maker, Evaluator, or User.

Approver: An approver is a high-ranking person who retains the right to review, approve, or veto lower-level decisions. Decisions by subordinates with credibility or a proven track record are routinely approved. Less experienced or unproven decision makers often have to run a more difficult course of formal and informal approvals. In a large organization, there might be multiple levels of approvers with dollar thresholds set to delineate their approval responsibilities.

Decision Maker: The decision maker is the person officially charged with the responsibility and accountability related to the formal buying decision. After analyzing the evaluation results and listening to recommendations, the decision maker will make a commitment for the customer organization.

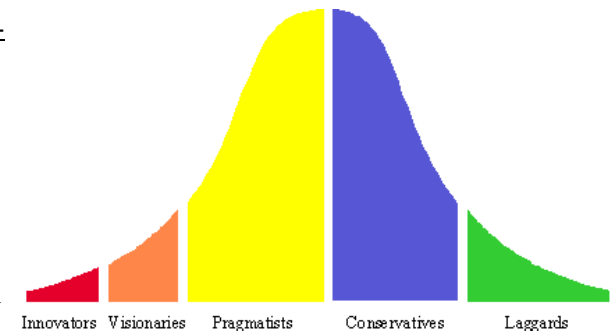
Evaluator: Responsible for analyzing your product, service, or proposal, comparing it to predefined criteria, and for making a recommendation to management. Often management will form a committee to conduct the evaluation. There can be product, purchasing, and legal evaluations.

User: A user is someone who will directly use your service. A user commonly plays other roles in the buying process as well.



3. Identify adaptability to change.

Knowing their formal role in the buying process is helpful, but it is also important to gauge the person's adaptability to change. In the second box, you will want to indicate if the individual is an Innovator, Visionary, Pragmatist, Conservative, or Laggard.



4. Indicate coverage.

Coverage lets your team members know whom you have called on and how frequently. Fill in the last box to indicate how frequently you have called on the customer.

<input type="checkbox"/>	No Contact
<input checked="" type="checkbox"/>	Brief Contact
<input checked="" type="checkbox"/>	Multiple Contacts
<input checked="" type="checkbox"/>	In-Depth

5. Indicate the status towards the sale.

The third box is used to indicate the individuals status towards the sale. Do they support it? The five options are:

Sponsor: (★) A sponsor is the most supportive key player you can have. This is a person who believes his or her success is directly linked to your success on the project. This person will work actively and energetically on your behalf.

Supporter: (+) A supporter wants you to win and will help you with information. But this person will not work actively on your behalf, and this person does not see a mutual benefit in your winning.

Neutral: (=) A neutral key player simply has no preference in the opportunity. Your job is to convert that person to a supporter.

Non-supporter: (-) A non supporter is someone who prefers another vendor, but is not working actively against you. Don't ignore such people. It is often possible to convert a non supporter to neutral or even to a supporter.

★	Sponsor
+	Supporter
=	Neutral
-	Non-Supporter
✗	Hostile

Hostile: (✗) A hostile key player is someone who specifically wants you to lose and will work actively against you. Although it is often not worth the effort to try to convert a hostile player, you should stay close enough to have an idea what the person is doing with regard to the opportunity.

6. Identify the political structure and the inner circle.

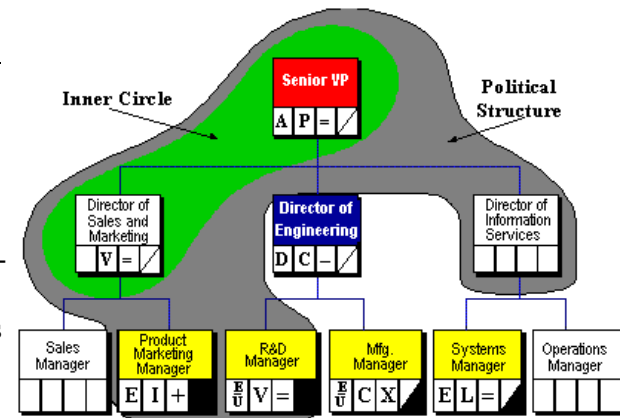
It is also important to map what goes on between individuals, specifically the informal aspects of influence. Influence is the most complex factor you will capture with the Organization Map.

The Organization Map provides a means for identifying two groups of powerful people. One group is called the political structure. These are the key players in an organization who are not only aware of organizational politics but who are also politically agile enough to anticipate events, dodge conflict, and respond quickly. They are the people who make things happen.

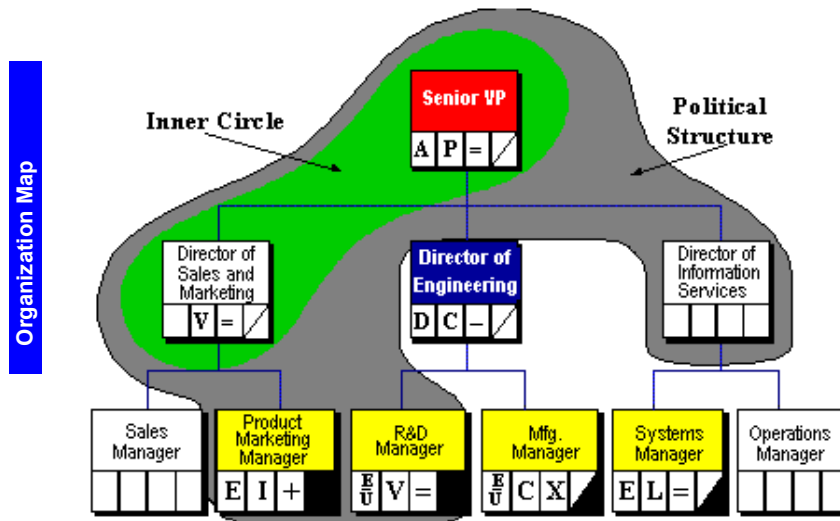
Within the political structure, is an even more influential set of players called the inner circle. This group consists of people who can use their rank and influence to build and wield power. They understand how to create opportunities-they control what happens.

7. Identify lines of influence.

Think of influence as informal power. It does not come from the authority provided by official rank. Rather, it is derived from things like subject matter expertise, relationships, and reputation. But the most important difference to remember for mapping is that influence often flows in nontraditional directions-from subordinate to superior and across boundaries. For example, a mid-level marketing manager with a strong reputation for selling through the Internet might have more influence with the CIO in an e-business opportunity than a senior IT executive does.



By mapping who influences whom in an organization, you are laying out your route to the political structure-and perhaps beyond to the inner circle.





Pain Sheet

Pain: Eroding market share
Situation: VP Sales and Marketing, electronics manufacturing company
Solution: Internet-based Customer Relationship Management

Reasons	Impact	Capabilities
Is it because...; Today...? 1. Your loyalty levels of key customers have decreased? 2. Buying patterns of key customers are not well understood? 3. Levels of customer service are decreasing? 4. Time to develop new products for market is increasing?	Is this [Pain] causing... <ul style="list-style-type: none"> Decreases in overall company revenue? Increase in the cost of sales and marketing? Is the COO affected? <ul style="list-style-type: none"> A decline in profitability? Is the CFO concerned? <ul style="list-style-type: none"> A decrease in shareholder value? Company image to diminish? Is the CEO concerned?	What if...; Would it help if...? 1. When: Examining customer trends Who: Your market analysts What: Had a way to predict potential customer departure in advance to initiate preventive action? 2. When: Analyzing customer patterns Who: Your market analysts What: Had a way to quickly examine patterns and product clustering trends so that personalized campaigns could be built and delivered? 3. When: Performing service functions Who: Your service representatives What: Had a way to quickly analyze each service request, check spare part inventory for availability, and communicate with customers on a personalized Web page to give status of repair actions? 4. When: Developing new products Who: Your VP of Manufacturing What: Had a way for design engineers to collaborate with other engineers and suppliers as well as integrate new manufacturing procedures so that new products could be delivered in a shorter time?

What Is It?

The Pain Sheet is a way to organize information about a particular pain showing:

- Possible reasons for the pain
- Potential organization impacts for the pain
- Possible capabilities that could alleviate the reasons for the pain, thereby addressing the pain itself

Why Is It Used?

- Prepares the seller to meet with customers by researching and anticipating possible reasons for a particular pain

- Broadens opportunities by discovering additional individuals who might be impacted by a pain
- Creates buying visions in a customer's mind that lean towards IBM
- Creates knowledge that can be reused across Team IBM

How Is It Used?

- The Pain Sheet is used during pre-call planning to organize information.
- Pain Sheets can also be created with input from industry or product specialists.
- The completed Pain Sheet can be used with the 9-Block Model by providing dialogue catalysts for blocks R₂, I₂, and C₂.

What inputs are required?

Industry knowledge, product capability knowledge

When Is It Used?

Primarily used in steps 3 and 4.

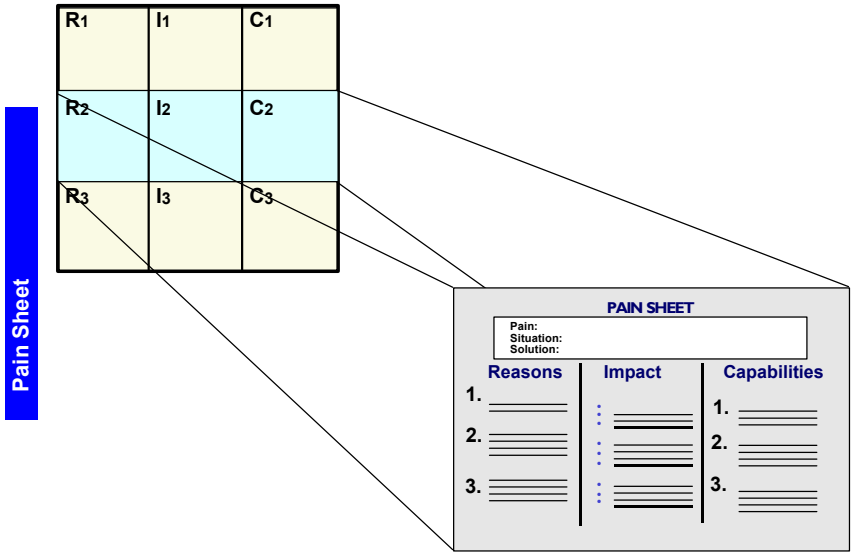
Key Points to Remember:

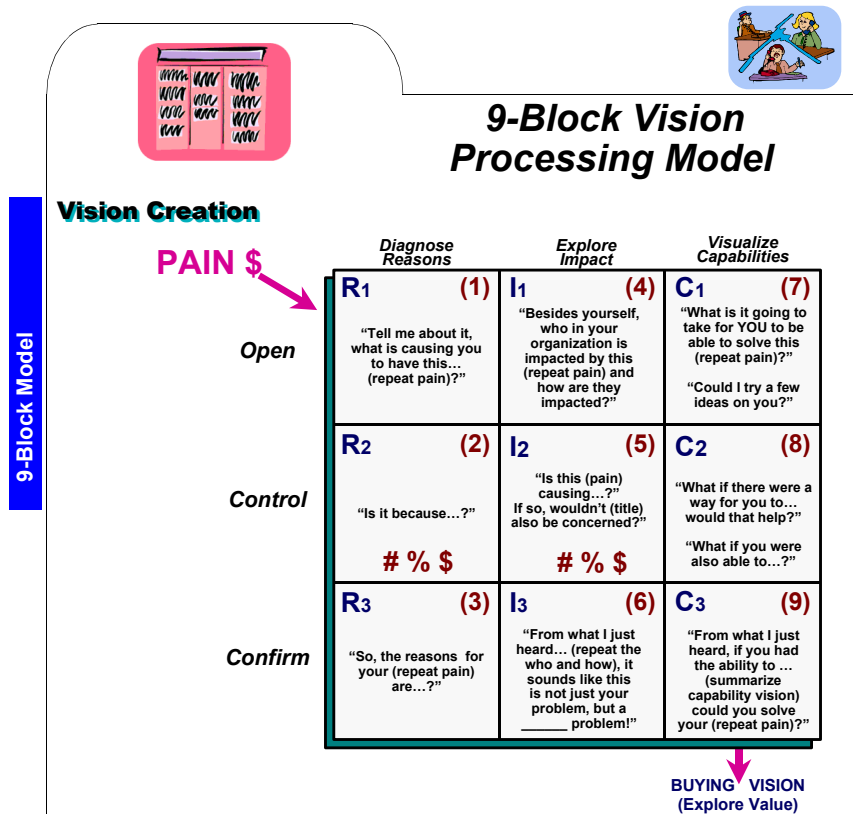
Capabilities should be stated in business terms, not technology terms. Pain Sheets represent possible reasons for pain. Always ask the customer before suggesting reasons.

Related Sales Aids:

9-Block Model, Business Initiatives, Key Players List, Pain Chain, Opportunity Assessment

This sales aid works in conjunction with the 9-Block Model.





How Is It Used?

- For call preparation to plan questions and dialogue points.
- During customer calls to ensure points are covered and to organize information gathered.
- In joint calls to divide responsibilities; for example, specialists handle the control portions of the 9-Block Model (R2, I2, C2).

What Input Is Required?

- Pain Sheets can provide input into blocks R2, I2, and C2.
- Pain or Critical Business Issue must be admitted by the buyer to use the vision-creation version of the 9-Block Model.

When Is It Used?

The 9-Block Vision Processing Model is used in steps 3 and 4.

What Is It?

The 9-Block Vision Processing Model is a structured questioning model comprised of open, control, and confirming questions used to assist sellers in leading customers to a buying vision.

Why Is It Used?

- Helps diagnose a customer's reasons for a pain
- Broadens or quantifies opportunities by identifying other individuals who might be impacted by a pain
- Helps create a customer's buying vision

Key Points to Remember:

- Sellers might navigate through the 9-Block Model in one or several customer calls.
- Lead customers to "their" buying vision rather than telling them yours.

Related Sales Aids:

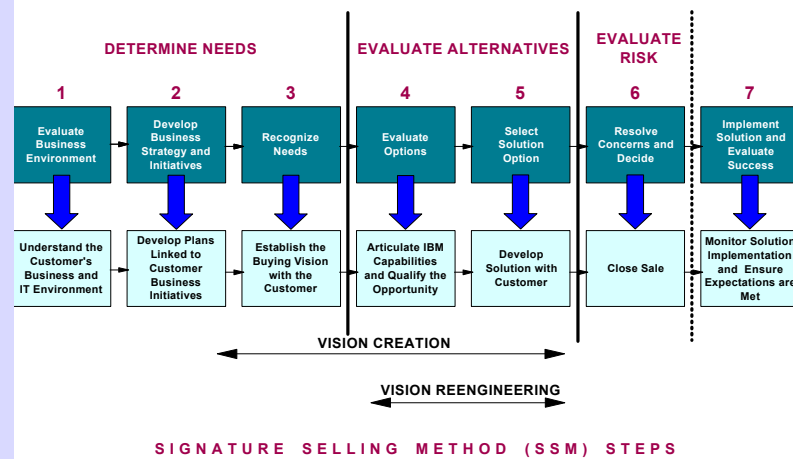
ISC, Pain Sheet, Preliminary Solution

When Is the 9-Block Vision-Creation Model Used versus the Vision Reengineering Model?

If the customer already has a buying vision that might be unfavorable to IBM capabilities, sellers might need to reengineer that vision. This is commonly experienced when a customer is already in the evaluation stage of an acquisition and calls IBM to check capabilities or prices.

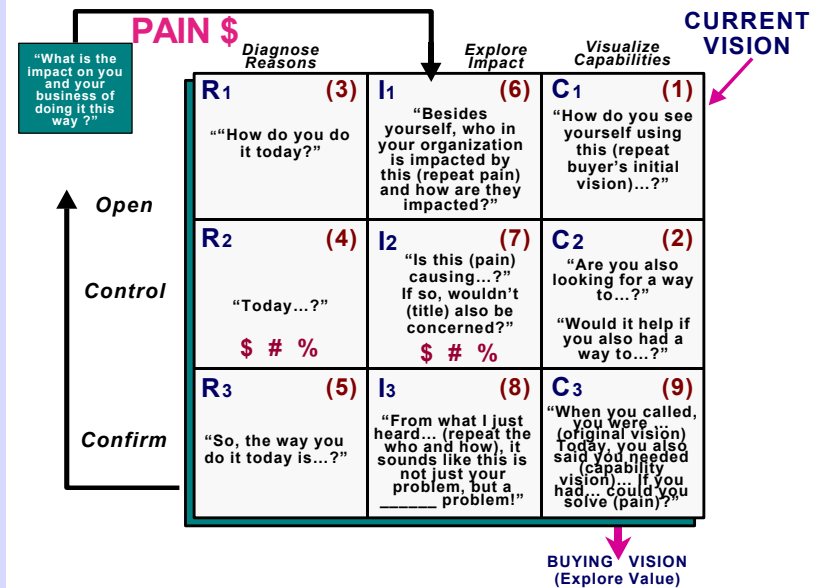
IBM Signature Selling Method (SSM)

Aligning with the Customer: Vision Creation and Reengineering



Understand the customer's vision before trying to reengineer their vision. In this case, the seller starts with the C1 block to understand how customers see themselves, using the capabilities they seek. The seller then tries to introduce additional capabilities (C2) to expand the buying vision. The Integrated Solution Concept (ISC) can be a good source for questions. After the customer agrees to additional capabilities, the seller has earned the right to move to the R1 block to gather more information, and to C2 to establish additional value. If the additional capabilities are built around differentiators, the value is unique.

9 Block Vision Reengineering Model





Sponsor Communication

Sponsor Letter Components

- 1) Pain or Business Initiative
- 2) Reasons
- 3) Vision
- 4) Agreement to Explore
- 5) Access to Power
- 6) Proof Step

Sarah Updown
VP Sales and Marketing
Homebody Electronics Company
4900 Business Park Drive
London, England SW3 4BJ

Dear Sarah:

Thank you for meeting with me earlier today. I hope that you agree that it was time well spent for both Homebody Electronics and IBM.

(1) We discussed that your primary critical issue is eroding market share and its effect on revenue and profits at Homebody.
(2) You said that the primary reason for the erosion is decreasing customer loyalty. We also discussed additional reasons of not fully understanding customer buying patterns, decreasing levels of customer service, and increasing time to market as contributing to the market share erosion.

(3) You said if there were a way for your analysts to predict the potential departure of a customer by analyzing customer trends and buying patterns, preventive action could be taken and that if buying patterns could be analyzed, personalized campaigns could be built and delivered. In addition, you said that if service personnel could analyze service requests, order spare parts, and communicate with customers via a personalized Web and if manufacturing had a way for design engineers to collaborate on a global basis with other engineers and suppliers to reduce time to market of new products, you could improve market penetration, thereby increasing revenue flow to Homebody.

(4) You said you were interested in further investigation with IBM and that if (5) IBM could show you how we can provide Homebody with these capabilities, that the next step would be to present our findings to Yoshi Goto, your COO. You mentioned that his decreasing levels of revenue are having a negative effect on profits.

(6) I have arranged for you to visit with Laura Watkins, VP Sales and Marketing at Odyssey Appliances, so she can show you how they have gained customer confidence and market share with similar capabilities.

I am confident you will like what you see and will help us introduce IBM to the rest of the organization.

Sincerely,

IBM Salesperson

SP/jt

What Is It?

The Sponsor Communication is a summary of a conversation between a seller and a potential sponsor covering the following points:

- Description of pain or business initiative
- Reason for the pain
- Current buying vision
- Agreement to explore with IBM
- Willingness to provide access to power
- Proof step planned

Why Is It Used?

- Documents a conversation with a potential sponsor
- Provides evidence of a verifiable outcome for step 3
- Provides a logical point of follow-up with the customer for the next step (advance the sale)

How Is It Used?

The seller creates the Sponsor Communication after a customer call or series of calls. The seller uses a template to cover the six key points, but also personalizes the Sponsor Communication with her or her own style.

What Input Is Required?

- Results of the 9-Block Model (vision creation or reengineering)
- Results of potential sponsor meetings and negotiations for access to power

When Is It Used?

The Sponsor Communication is primarily used in step 3.

Key Points to Remember:

Depending on your customer's preference, use e-mail, a letter, meeting notes, and so on.

Related Sales Aids:

9-Block Model, Key Player List, Pain Sheet

How to Know if a Customer Is a Potential Power Sponsor?

Use the following Dialogue Prompter to determine if you are dealing with power.

Let's say you become convinced that it really is possible to (repeat buying vision) and you want to go forward, what do you do then? Who is involved?" (Can they buy?)	
NO	YES
This person is not the Power Sponsor, but can this person help you get to the Power Sponsor?	You might be speaking with the Power Sponsor. Use the following tips to test.
If this person is not the Power Sponsor: Determine if this person can help you get to the Power Sponsor. Ask, "Does it make sense for us to meet the person who can make the buy decision?"	Gather information to build Evaluation Plan: "How would you like to evaluate IBM and our capabilities?" (Write down each request as you repeat it. Do not agree or disagree.) "If we get to a point where we might want to do business, will there be a... (legal review, technical review, or administrative approval)?" "Will you want a proposal from me?" (Get buyer's agreement,) "As part of that proposal, would you also want a return on investment analysis?"

If denied, bargain for access to Power:

- "...I understand that might be premature at this point, but let me suggest this. I'm not yet sure of the best way for us to prove these capabilities to you. I first want to consult with my resources."
- "Whichever method we end up using, it will take some of my company's resources. I'm willing to make that commitment today."
- "If through that effort we succeed in providing to you that you will be able to...(repeat buying vision), at that point, will you then introduce me to (Power Sponsor)? Is that fair?" (Get buyer's agreement and end call.)

Suggest potential sponsor communications:

"Thank you for your time. I am going to consult with my resources. I will then write you a letter or e-mail confirming my understanding of your situation. In that letter, I will propose a specific way for IBM to prove these capabilities to you. You should receive the letter or e-mail in a day or so."

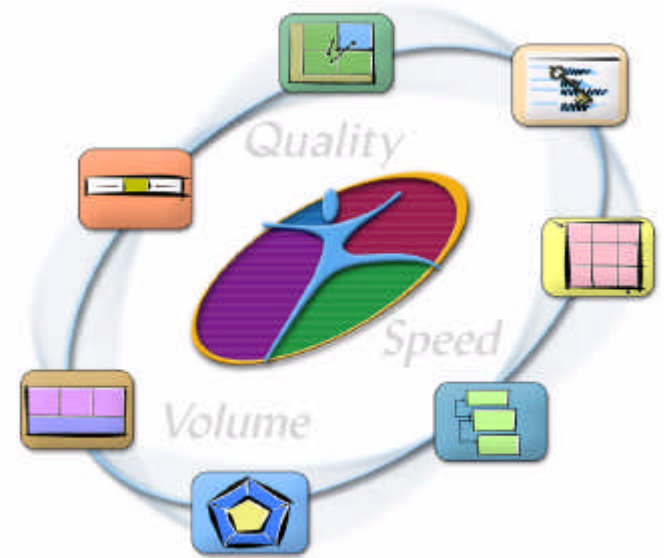
Suggest Pre-proposal review:

- "When you do ask me to prepare a proposal, I want you to know that it will contain no new information. It will simply document and confirm the business arrangements we will already have discussed." (Get buyer's agreement.)
- "What I would like to suggest (if we get that far), is that we arrange a meeting a week in advance of delivery of the final proposal with a rough draft. We call this a Pre-proposal Review. There are two advantages to this approach. The advantage to you and your management team is that there will be no surprises in the final proposal. The advantage to me is that I can prepare it correctly the first time." (Get buyer's agreement.)

Propose Evaluation Plan:

"Thank you for your time. I am going to take this list back with me. I will then make an initial attempt to put together a plan for you to evaluate IBM. You should receive the draft plan in a day or so, and I will call you to discuss it."

Signature Selling Method



Step 4

Step 4

SSM Step 4



Articulate IBM Capabilities and Qualify Opportunity

When the customer is:

Opportunity Owners
lead these activities:

We will be successful when
we achieve this **outcome**:

Which can be
verified by:

And should be reflected
internally by:

Evaluating Options	
<ul style="list-style-type: none"> Review/influence the customer's buying/evaluation criteria Develop Preliminary Solution and Value Statement with customer and discuss financing alternatives Document and agree to the Evaluation Plan with Power Sponsor, including Conditions of Satisfaction Evaluate risk to IBM and make engage/disengage decision 	
<input checked="" type="checkbox"/> Customer Power Sponsor and Team IBM agreement to go forward with a preliminary solution	
<ul style="list-style-type: none"> Documented Preliminary Solution and Value Statement Agreed-to Evaluation Plan (next steps) or IBM decision to disengage 	
<input checked="" type="checkbox"/> Sell cycle = Qualified	
<input checked="" type="checkbox"/> Updated win odds in the opportunity management system to reflect forecast decision <ul style="list-style-type: none"> Updated Opportunity Plan Reservation order placed 	
<input checked="" type="checkbox"/> Indicates Worldwide Standard	

SSM Benefits the Customer, IBM, and You

**Customers see
Team IBM:**

- ▶ Aligning with them
- ▶ Planning before executing
- ▶ Delivering business value
- ▶ Selling total solutions

**Which results in
you and Team IBM
seeing:**

- ▶ **Speed** in the sales cycle by spending time with the right customer on the right issues
- ▶ **Speed** to engage / disengage with the right resources
- ▶ Higher **quality** and more **volume** in the pipeline
- ▶ **Higher win rate** due to added differentiation and broader value proposition

Step 4:

- ▶ Align buying criteria with Power Sponsor*
- ▶ Update Opportunity Plan and create an Evaluation Plan*
- ▶ Refine and validate Value Statement*
- ▶ Bridge Preliminary Solution*



Sell Cycle = Qualified

*Evidence of Verifiable Outcomes

Step 4

Step 4



Power Sponsor Communication

Yoshi Goto
Chief Operations Officer
Homebody Electronics Company
4900 Business Park Drive
London, England SW3 4BJ

Dear Yoshi,

Thank you for meeting with Jose and me earlier today. I believe it was time well spent for both Homebody Electronics and IBM.

You confirmed that your primary critical issue is difficulty controlling the rising operational costs which directly impact your company's profits. You said these rising operational costs were primarily a result of the time and cost associated with developing new products.

You said if your design engineers and their staffs had a way to collaborate on their projects, independent of geography, and if they could acquire real-time information from suppliers, that they could dramatically reduce the time required in the product development process. This would result in reduced operating costs which would significantly impact your company's profitability.

When I told you I was confident IBM can help you develop a solution that addresses your rising operational costs, you agreed to take a serious look at our ability to accomplish that.

Based on my knowledge to date, I am proposing an evaluation plan for your further exploration of IBM. Please look it over with Jose, and I will call you Friday, March 1, to get your thoughts.

Sincerely,

IBM Salesperson

SP/jt
Attachment
cc: Jose Makit, Homebody Electronics



- Restatement of the Power Sponsor pain
- Summary of the diagnosis or reasons for the pain
- Summary of the vision created with the Power Sponsor
- Summary of the organizational impact
- Agreement to explore the opportunity further with the seller
- Rough draft of an Evaluation Plan (attached to the letter)

Why Is It Used?

- To ensure the customer and the seller are in agreement with the results of a meeting
- To test if the customer is truly Power
- To demonstrate professional sales etiquette
- To introduce the evaluation plan
- To show evidence of a verifiable outcome

How Is It Used?

The Power Sponsor Communication is sent as a follow-up to a meeting with a potential Power Sponsor.

What Input Is Required?

- Results of a 9-Block Model conversation
- Draft Evaluation Plan

When Is It Used?

The Power Sponsor Communication is created and used in step 4.

What Is It?

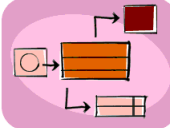

A document sent to a potential Power Sponsor that summarizes the results of a 9-Block Model conversation. Although the communication can take many forms (letter, e-mail, meeting minutes, and so on), it should contain six major elements:

Key Points to Remember:

- Use the customer preferred format; e-mail, formal letter, or so on.
- Use your personal style to communicate the six key elements.
- "The faintest of ink is stronger than the best memory," that is, do not rely on verbal communication only.

Related Sales Aids:

9-Block Model, Pain Sheet, Evaluation Plan

Evaluation Plan

Event	Week of	Who?	0	Go / No Go	Billable
Interview Jose Makit (VP Manufacturing)	March 7				
Interview Steve Panic (VP Customer Service)	March 7				
Interview Susan Notetaker (Chief Information Officer)	March 7				
Review Preliminary Solution with Sarah Updown	March 14			*	
Present Preliminary Solution and (refined) Value Statement to Yoshi Goto (COO) & review Conditions of Satisfaction	March 21				
Develop Solution Blueprint and evaluate the adequacy of IBM standard contract terms	March 28				**
Executive briefing	May 9				
Finalize and agree to solution	May 9			*	
Present Value Proposition (investment/financing case)	May 1			*	
Define benefit measurements & review Conditions of Satisfaction	May 16				
Gain legal approval	May 1			*	
Review proposal rough draft	May 23			*	
Review proposal for approval	May 30			*	
Implementation kickoff	June 6				
Measure benefits & review Conditions of Satisfaction	Ongoing				

* Mutual decision to proceed

What Is It?

A sequence of mutually agreed upon events and timetables that permit the Power Sponsor to evaluate the IBM solution and permit Team IBM to further influence the buying decision and lead the buyer (customer) through the buying decision.

Why Is It Used?

- To help Team IBM control the sell cycle and evaluation process to create competitive advantage
- To further test for power
- To build increasing customer buy-in through a series of “mini closes”
- To provide opportunities for IBM to demonstrate unique business value
- To plan IBM and customer resource requirements

- To identify disengagement milestones
- To demonstrate professional sales behavior

How Is It Used?

- Solicit input from the Power Sponsor on how he or she would like to evaluate IBM’s solution
- Create a series of events that include the interests of both the customer and IBM
- Add additional steps that create a positive selling environment and competitive advantage for IBM
- Send the draft to the Power Sponsor for comments and feedback
- Update the draft, as necessary, to achieve a plan both the Power Sponsor and IBM can agree to

What Input Is Required?

- Power Sponsor requests
- IBM Competitive Strategy
- Standard IBM due process knowledge (Legal, Quality Assurance, Contracting, and so on.)

When Is It Used?

The Evaluation Plan is created in step 4 and used to guide the execution of steps 5 and 6.

Key Points to Remember:

- Listen for the customer’s interests when asking for input. You might not be able to include all of their requests, but you might be able to satisfy their interests.
- Ensure the Evaluation Plan is consistent with your Competitive Strategy; i.e. a frontal strategy should have a short time frame.
- Review the Evaluation Plan Considerations for additional ideas.
- The Evaluation Plan can augment formal or legal customer processes, such as Request for Proposal.

Related Sales Aids:

9-Block Model, Power Sponsor Communication, Competitive Strategy

What Is a Pre-proposal Review?

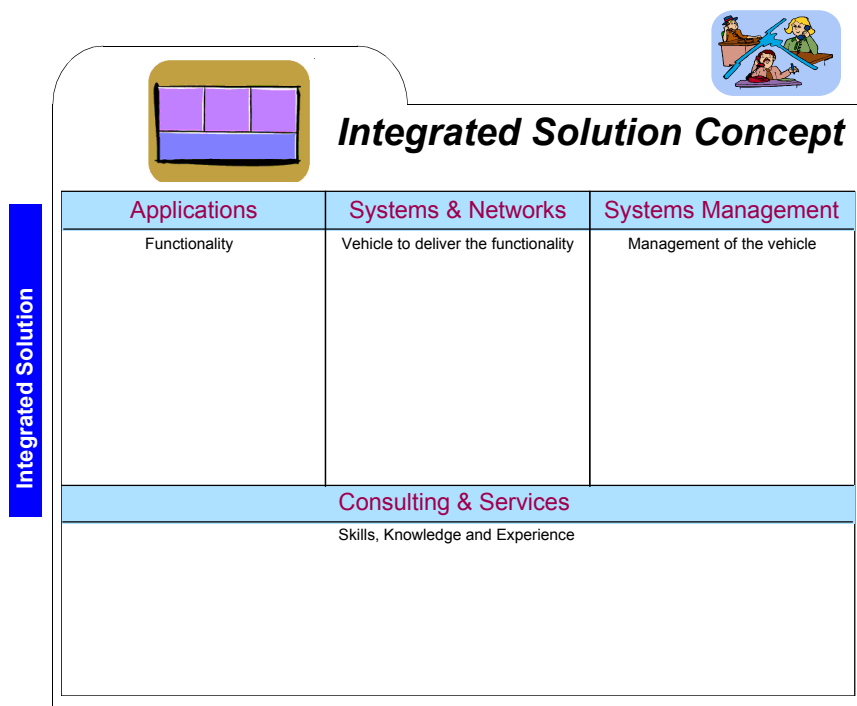
A Pre-proposal Review is a joint meeting at the end of the sales cycle to review all elements of the Proposal in draft form. The review offers an opportunity to close the sale and minimizes the risk of creating proposals that don't win.

What Should Be Considered in an Evaluation Plan?

Evaluation Plan Considerations

Does this Evaluation Plan:

- **Reflect the input gained from the Power Sponsor?**
 - Their interests versus specific requests
- **Provide for joint clarification and expansion of customer needs?**
 - Who else might be interviewed?
- **Allow IBM to prove:**
 - Business value / Value Proposition?
 - Technical suitability?
 - Solution fit with business needs?
- **Ensure that Conditions of Satisfaction are addressed?**
- **Address legal and administrative issues?**
- **Reflect actions that will strengthen IBM's competitive position?**
- **Encourage continuing and increasing customer buy-in?**
 - Pre-proposal review?
 - Implementation Kick-off date?
 - Projected measurement of post-installation benefits?
 - Placement of key GO/NO-GO steps for mutual decision to proceed?
 - Key potential billable elements identified?
- **Reflect appropriate timing?**
 - Early steps focus on refining and expanding needs?
 - Middle steps focus on proof and further buy-in?
 - Later steps focus on emotional buy-in and minimizing risk?



What Is It?

The ISC is a simple, four-part framework for gathering, organizing, evaluating, and sharing information about a total IT solution. The four elements of the framework are: Applications, Systems & Networks, Systems Management, and Consulting & Services.

Why Is It Used?

- To help customers define, create, evaluate, and install successful IT projects
- To broaden opportunities and leverage Team IBM's solution portfolio
- To create or reengineer customer visions favorable to IBM's capabilities and competitive strengths

How Is It Used?

The ISC can be used in a variety of ways that vary from a "napkin" drawing to more formal worksheets and customer presentations.

- To organize generic and customer-specific technology preferences that can be shared across Team IBM
- To organize business requirements gathered during a 9-Block Model conversation and begin the Bridging process to arrive at a Preliminary Solution
- To identify questions that need to be resolved to arrive at a final proposal and organize Team IBM activities via a Solution Blueprint
- To identify potential differentiators that could be reengineered into a customer's buying vision

What Input Is Required?

The input required varies according to how the ISC is used.

When Is It Used?

Because the ISC provides a framework to gather, organize, evaluate, and share information, it can be adapted for use in all the selling steps.

Key Points to Remember:

- Even if the customer is not acquiring all the solution components from IBM, the customer still needs to think about the total solution when making decisions.
- Best-of-breed philosophies might not provide the best "total" or "integrated" solutions.

Related Sales Aids:

Bridging, Preliminary Solution, Solution Blueprint, Technology Preferences, 9-Block Model

Use the ISC to Organize Information

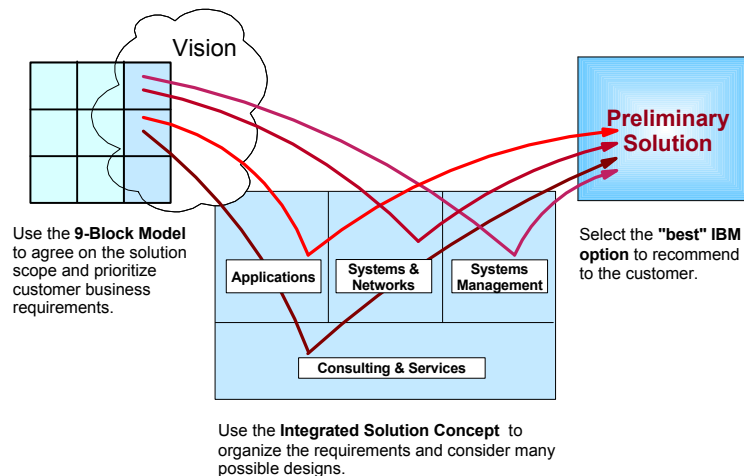
Applications	Systems & Networks	Systems Management
Functionality <u>Requirement:</u> Easy to update to ensure accurate customer information <u>Potential Designs:</u> ★ Multiple update options ★ Heavy use of menus and icons ★ Customized interfaces for different users - Imbedded help messages	Vehicle <u>Requirement:</u> Interconnectivity with other Homebody systems to share data <u>Potential Designs:</u> - Open architectures ★ Middleware layers - Modify existing systems to match this one ★ Internet browser	Management <u>Requirement:</u> Highly secure environment to protect corporate assets <u>Potential Designs:</u> ★ Passwords ★ Encryption ★ Firewalls - Retinal scanning ★ Authentication - Physical security
Consulting & Services		
Skills, Knowledge and Experience <u>Requirement:</u> Quickly obtaining CRM expertise to enable a fast implementation and behavior change <u>Potential Designs:</u> ★ Hire a consultant - Buy another company successfully using a CRM program ★ Train existing personnel - Hire talent away from another company		

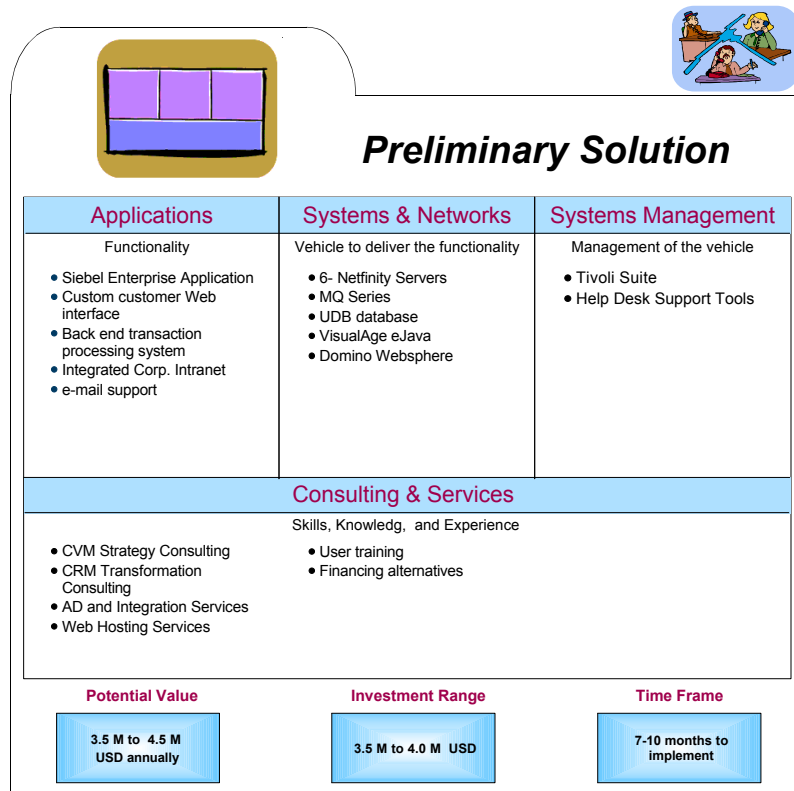
Benefits of Bridging for Customers

Customers can benefit from bridging with the Integrated Solution Concept in these ways:

- Customer confidence in solutions proposed by Team IBM increases when the customer understands the logic behind the IBM solution offering.
- Bridging helps the customer to sell the project internally and to show alignment with the company's Business Initiatives. If done early in the selling cycle, the bridging process saves the customer time in the search for a complete IT solution.

Developing a Preliminary Solution





What Is It?

An interim IBM recommendation, including all four parts of the ISC, which provides the customer with rough estimates of costs, financial returns, and time lines.

Why Is It Used?

- To ensure the opportunity is still valid and fits within the customer expectations
- To avoid surprising the customer in later steps
- To avoid wasting IBM resources on the wrong opportunities
- To test customer receptivity to IBM solution components before locking in to a final recommendation

How Is It Used?

- To present the Sponsor and Power Sponsor events in the Evaluation Plan
- To conclude the IBM Bridging exercise and provide preliminary recommendations along with the Refined Value Statement

What Input Is Required?

- Bridging analysis and output
- Results of impact questions from 9-Block Model calls to calculate the value to the customer

When Is It Used?

The Preliminary Solution is developed during step 4 and finalized during step 5 to arrive at a final recommendation and proposal.

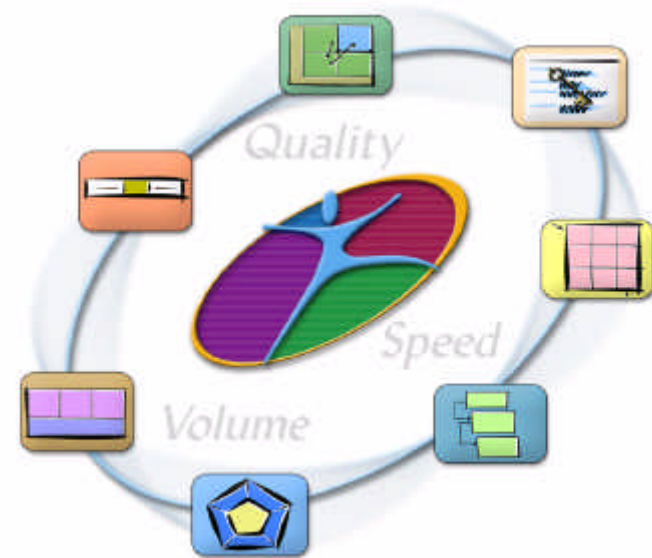
Key Points to Remember:

- Show the bridging logic before disclosing the Preliminary Solution. Bridging explains how you arrived at the solution. You might have gotten there easily, but you must bring the customer with you.
- How you present the values from the Preliminary Solution might depend on your relationship with the Power Sponsor. These are rough numbers for rough planning purposes, not legally binding contracts or promises.

Related Sales Aids:

ISC (Bridging), Evaluation Plan, 9-Block Model, Refined Value Statement

Signature Selling Method



Step 5

Step 5

SSM Step 5



Develop Solutions with Customer

When the customer is:

Opportunity Owners
lead these activities:

Selecting the Solution Option

- Refine solution and create a value proposition with the customer
- Build a Solution Blueprint and recommend implementation plan
- Validate competitive strategy and adjust tactics as appropriate
- Assess mutual interests in moving forward
- Get Contracts & Negotiations approval for nonstandard contract terms

We will be successful when
we achieve this **outcome**:

☒ **Customer Power Sponsor's conditional approval of proposed solution**

Which can be
verified by:

- Mutually agreed to proposal and price
- Agreement to IBM solution, value proposition, and time frame
- Identified criteria for contract signing
- Customer's agreement to track benefits and disclose results to IBM

And should be reflected
internally by:

- ☒ **Sell cycle = Proposed, Verbal Agreement**
- ☒ Updated win odds in the opportunity management system to reflect forecast decision
- Updated Opportunity Plan
- ☒ Indicates Worldwide Standard

SSM Benefits the Customer, IBM, and You

Customers see Team IBM:

- ▶ Aligning with them
- ▶ Planning before executing
- ▶ Delivering business value
- ▶ Selling total solutions

Which results in you and Team IBM seeing:

- ▶ **Speed** in the sales cycle by spending time with the right customer on the right issues
- ▶ **Speed** to engage / disengage with the right resources
- ▶ Higher **quality** and more **volume** in the pipeline
- ▶ **Higher win rate** due to added differentiation and broader value proposition

Step 5:

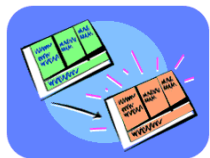
- ▶ Solution, Value Proposition, and time-frame agreed to by customer *
- ▶ Opportunity Plan and Evaluation Plan updated
- ▶ Value Proposition agreed to by customer*
- ▶ Solution Blueprint created with customer*



Sell Cycle = Proposed

*Evidence of Verifiable Outcomes

Step 5



Solution Blueprint



Applications	Systems & Networks	Systems Management
Business Considerations <ul style="list-style-type: none"> • Functionality fit • Customization requirements • Modules to implement • Impact to current operations • Roll out plans IT Considerations <ul style="list-style-type: none"> • Application products to buy • Interface to existing applications • Program obsoleted 	Business Considerations <ul style="list-style-type: none"> • Performance criteria • Compatibility with existing systems • Required product features • Pilot characteristics IT Considerations <ul style="list-style-type: none"> • Impact to existing web sites • Usability of existing infrastructure • New infrastructure requirements • High level network designs • Impact to existing workloads • System testing 	Business Considerations <ul style="list-style-type: none"> • How support or help will change • Service Level Agreement requirements • New procedures IT Considerations <ul style="list-style-type: none"> • New procedures • Changes to existing help desk • New products required to support changes • Service Level Agreements
Consulting & Services		
Business Considerations <ul style="list-style-type: none"> • Who needs to be on the team? • Who is the projected Power Sponsor? • How will user training be performed? • How will the project be financed? • Are existing contracts sufficient? IT Considerations <ul style="list-style-type: none"> • How will the project be managed? • Who needs to be on the team? • How will the project be sold to the rest of the company? • What skills do we have and what do we need? • What role will the supplier play? 		

How Is It Used?

For opportunities that do not need a consulting engagement, Team IBM specialists and appropriate customer personnel review the Solution Blueprint dialogue catalysts and develop additional questions that need to be answered before a final proposal can be submitted. Action plans for Team IBM and customer personnel are created to answer the questions.

What Input Is Required?

- Evaluation Plan
- Preliminary Solution
- Appropriate subject matter expertise

When Is It Used?

The Solution Blueprint is developed and used in step 5.

What Is It?

A series of questions and dialogue catalysts, organized by the ISC, that allow the customer and Team IBM to jointly create plans for developing a final proposed solution. The Solution Blueprint can be used for less complex solutions that do not warrant a consulting engagement.

Why Is It Used?

- To increase the odds of successfully implementing an IT solution by ensuring all four parts of the ISC are considered
- To efficiently organize customer and Team IBM activities required to finalize the solution elements
- To avoid wasting customer or Team IBM resources on unnecessary activities

Key Points to Remember:

- The Solution Blueprint provides a starting point to develop questions or identify issues.
- Use Team IBM consulting resources for more complex opportunities.

Related Sales Aids:

Evaluation Plan, ISC, Preliminary Solution

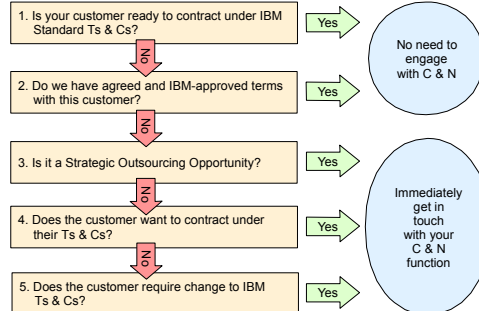
When Is Contracting Help Needed?

When developing the Solution Blueprint, consideration should be given to contracts. The following diagram helps identify when the IBM Contracts and Negotiations organization should become involved with the opportunity.

Contract Terms and Conditions

Common Issues

- Global Pricing
- Warranty/Guarantees
- Payment Terms
- Customer Ts and Cs
- Exclusivity
- Fixed Price
- Equity/Joint Venture
- Confidentiality
- Intellectual Property Ownership
- Copyright





Value Proposition

Current State

Restatement of Pains, Business Initiative, Compelling Reason to Act

Desired State

Restatement of the Vision of the Power Sponsor in business terms

Business Solution

In business terms, how the proposed solution will help attain the desired state

Investment Case/Financing

Measure of the value to be derived ($\text{Value} = \text{Total Benefits} - \text{Total Costs}$) and an examination of financing alternatives

Action

Recommended actions for the Power Sponsor and steps to begin implementation

What Is It?

A document that summarizes the reasons a customer should agree to the proposed solution and the necessary actions to make it operational.

Why Is It Used?

- To arm the Power Sponsor with a compelling justification for taking action and buying the proposed solution
- To propose IBM financing alternatives

How Is It Used?

- Structure for a pre-proposal review
- Executive summary for proposals

What Input Is Required?

- Refined Value Statement
- Results of SAM/TIM conversations and the 9-Block Model organizational impact analysis
- Customer financing preferences and criteria
- Results of Solution Blueprint activities

When Is It Used?

The Value Proposition is developed in step 5 and can be referenced in steps 6 and 7.

Key Points to Remember:

- Use the customer's financial preferences, criteria, and standard formatting, when possible, to present the financial information.
- All of the quantified benefits should be provided by the responsible customer personnel.

Related Sales Aids:

SAM, TIM, Pain Sheet, Evaluation Plan, Solution Blueprint, 9-Block Model, ISC

What Is in a Value Proposition?

One challenge is determining what should be placed in a Value Proposition. A sample Value Proposition has been included to help describe some of the elements you might want to include.

Sample Value Proposition

Current State

Homebody Electronics is facing increasing pressures from competition and from rapidly changing customer behavior and loyalty patterns.

The combined effect of these issues has resulted in a loss of market share, and indications are that with no action, the loss will continue. The loss of market share has caused revenue production to decrease, with a corresponding negative loss in profit.

Desired State

The Vice President of Sales and Marketing, Sarah Updown, was asked to address the initiative of increasing customer loyalty and market share and to develop plans to improve this very important aspect of Homebody business.

The original premise established by Sarah was that a lack of customer loyalty was the reason that market share was eroding; however, after several meetings and analysis sessions, these additional reasons were discovered to be negatively affecting the Homebody market share position:

- Inability to fully understand customer buying patterns
- Decreasing levels of customer service in the repair centers and
- Increasing time to develop and deliver new products to market

Business Solution

To address the issue of decreasing service levels, the customer service department will be able to monitor all spare part usage, and, using collaboration with manufacturing, maintain cost-effective levels of

inventory on-hand to maintain key mean-time-to-repair levels. In addition, customers will constantly be kept up-to-date on service requests.

These sets of capabilities will be delivered using the Internet both with customers and within Homebody for collaboration.

To address the issue of slow time to market, design engineers in manufacturing will be able to collaborate with each other from all geographic locations, thereby reducing the lead times in development. In addition, they will be able to collaborate with key suppliers to gain insight into raw material needs and world-wide supply conditions. The design teams will also be able to develop and communicate important new manufacturing specifications before product launch dates so that production can meet early demand levels.

This set of capabilities will be delivered using the Internet, both internally and externally, to speed up design and manufacturing bottlenecks currently impairing new product launches.

In addition to addressing the issue of eroding market share, additional operational benefits are possible:

- By delivering product catalogs electronically, reductions will occur in the cost of printing color catalogs four times per year. This also reduces the costs of producing and shipping CD-based catalogs.
- By delivering electronic remedies to service issues, current costs to support these activities will be reduced. Current elements of cost include fax, telephone, mail, and courier fees.
- These capabilities will be delivered as a result of customer communications moving to the Internet.

Investment Case

Benefits

Increased Sales

Increased customer loyalty helps in the reduction of, and eventual elimination of, market share erosion and adds additional sales of 1% revenue increase per 10% loyalty increase. Estimated loyalty increase 10% per annum (*VP Sales and Marketing - Sarah Updown*).

Increased revenue per customer due to up-sell and cross-sell improvements. Estimated up-sell and cross-sell revenue 1% per annum. *(VP Sales and Marketing - Sarah Updown)*

Increased revenue due to increased customer satisfaction in servicing. Revenue increase occurs at .5% per 3% increase in NSI. Estimate NSI improvement to be 3%. *(VP Customer Service - Steve Panic)*

Increased sales due to reduced time in bringing new products to market and full production. Estimated improvement in time-to-market is 50%, yielding earlier sales. *(VP Manufacturing - Jose Makit)*

Decreased Costs

Cost reduction of paper-based catalog delivery (printing and distribution on a quarterly basis reduced). Estimated savings to be USD 12 M. (USD 3 M quarterly) *(VP Sales and Marketing - Sarah Updown)*
Reduction in servicing costs (fax, telephone, mail, etc.). Estimated savings to be USD 100,000 annually or USD 25,000 per quarter *(VP Customer Service - Steve Panic)*.

Investment Required

Hardware

USD 600,000

- Six Netfinity servers
- System upgrades
- Communications equipment upgrades

Software

USD 800,000

- MQ Series
- UDB
- VisualAge JAVA
- Siebel
- WebSphere
- Custom Web interface to transaction processing system
- Tivoli Distributed Monitoring
- Tivoli Manager (Domino and MQ series)
- Tivoli Storage Manager
- Netview

Services

USD 2,000,000

- CVM Strategy Consultation
- CRM Transformation Study
- Application development and host integration services
- User training
- Web hosting service
- Financial consulting for acquisition alternatives

Investment Case

BENEFITS	1Q	2Q	3Q	4Q	5Q	6Q	7Q	8Q
Increased Profits (000)								
Loyalty increase			60	130	260	390	650	650
Up-sell and cross-sell		90	130	260	390	520	650	650
Improved customer sat			90	130	260	260	260	260
improve time-to-market			100	300	400	200		
Reduced Costs (000)								
Market support materials			300	600	1,200	2,400	3,000	3,000
Servicing responses			13	13	25	25	25	25
TOTAL QUARTERLY BENEFIT		190	693	1,433	2,535	3,795	4,585	4,585
CUMULATIVE BENEFIT		190	883	2,316	4,851	8,646	13,231	17,816
COSTS (000)								
Hardware	300	300						
Software	400	300	100					
Services	700	700	600					
Maintenance					240			
TOTAL QUARTERLY COSTS	1,400	1,300	700		240			
CUMULATIVE COSTS	1,400	2,700	3,400	3,400	3,640	3,640	3,640	3,640
NET BENEFITS	(1,400)	(1,210)	(7)	1,433	2,295	3,795	4,585	4,585
NET CUMULATIVE BENEFITS	(1,400)	(2,610)	(2,617)	(1,184)	1,111	4,905	9,491	14,076

These numbers were determined by Homebody

Financing Alternatives

	1Q	2Q	3Q	4Q	5Q	6Q	7Q	8Q
CUMULATIVE BENEFIT		90	783	2,216	4,751	8,546	13,131	17,716
CUMULATIVE COSTS	1,400	2,700	3,400	3,400	3,640	3,640	3,640	3,640
NET CUMULATIVE BENEFITS (cash basis)	(1,400)	(2,610)	(2,617)	(1,184)	1,111	4,906	9,491	14,076
QUARTERLY COSTS Option 1: FINANCED with flat payments	504	504	504	504	504	504	504	504
TOTAL COST								4032
NET CUMULATIVE BENEFITS with Option 1	(504)	(918)	(729)	200	2,231	5,522	9,603	13,684
QUARTERLY COSTS Option 2: FINANCED with step payment	0	90	663	657	657	657	657	657
TOTAL COST								4038
NET CUMULATIVE BENEFITS with Option 2	0	0	30	806	2,684	5,165	9,750	12,364

OPTION 1	Even Payments	OPTION 2	Step Payments
2 Yr. net return	USD 13,684,000	2 Yr. net return	USD 12,364,000
Gross ROI (2 year)	339%	Gross ROI (2 year)	306%
Break-even	Fourth Quarter	Break-even	(No Cost Entry) Positive in Third Qtr

Action

Project Initiation

Based upon the financial analysis performed by Homebody and the IBM Team, the potential lost opportunity to Homebody over a two-year period is USD 7,038,000 per year in profitability or USD 585,000 per month. This profit figure equates to an equivalent annual revenue effect of USD 70,380,000 or approximately a 2.7% increase in overall revenue.

The joint efforts performed through the Evaluation Plan, call for the project to begin implementation on June 6. By beginning this implementation, Homebody can begin to capture this lost revenue and cost-reduction opportunity.

Team IBM recommends that the project be kicked off on June 6 by Yoshi Goto and that Homebody assign a full-time project manager.

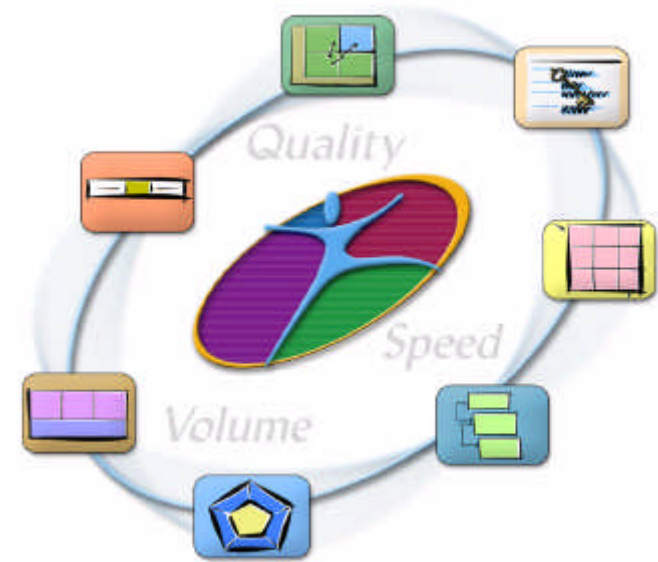
If Homebody is ready to proceed on June 6, IBM is prepared to assign a Senior Project Manager to the project and to assign a Senior Business Transformation Specialist to begin the CRM Transformation process.

The remaining step is for Homebody to give authorization. Contracts are prepared and ready for signature.

What Is Measure Benefits?

Measure Benefits is a process for going back and measuring how well the Value Proposition was achieved. This step is done in step 7. If you take the time to go back, measure the final results of the project, and evaluate whether expectations in the Value Proposition were met, it can help develop credibility and generate more business leads.

Signature Selling Method



Step 6

Step 6

SSM Step 6



Close the Sale

When the customer is:

Opportunity Owners
lead these activities:

- Make necessary refinements to solution
- Resolve any open concerns for final customer approval
- Negotiate final terms & conditions with C&N/Legal assistance, if required
- Prepare contracts and obtain customer/IBM signatures

We will be successful when we achieve this **outcome**:

☒ **Customer & Team IBM sign a win/win contract**

Which can be **verified** by:

- Signed contract, statement of work
- Implementation team announced and project schedule established

And should be reflected internally by:

- ☒ **Sell cycle = Won**
- ☒ Updated win odds in the opportunity management system to reflect forecast decision
 - Updated Opportunity Plan
 - Firm order customer acceptance date established
- ☒ Indicates Worldwide Standard

SSM Benefits the Customer, IBM, and You

Customers see Team IBM:

- ▶ Aligning with them
- ▶ Planning before executing
- ▶ Delivering business value
- ▶ Selling total solutions

Step 6:

- ▶ Win/win contract or statement of work signed*
- ▶ Implementation plan in place*
- ▶ Value Proposition accepted by customer
- ▶ Solution accepted by customer



Sell Cycle = Won

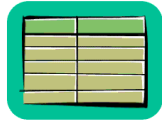
Which results in you and Team IBM seeing:

- ▶ **Speed** in the sales cycle by spending time with the right customer on the right issues
- ▶ **Speed** to engage / disengage with the right resources
- ▶ Higher **quality** and more **volume** in the pipeline
- ▶ **Higher win rate** due to added differentiation and broader value proposition

*Evidence of Verifiable Outcomes

Step 6

Step 6



Positions versus Interests

Positions are conclusions or assumptions about how **interests** can be satisfied

Position	Possible Interests
"We will not pay more than USD 750,000 for this solution."	<ul style="list-style-type: none"> Get a bonus for not spending more than current budget allocation Look powerful and demanding to other department heads Don't admit an earlier mistake of under-funding the project
"I want the same price you gave to XYZ Company."	<ul style="list-style-type: none"> Feel comfortable they are not overpaying Be able to boast to others Don't have time to do any other research
"We want Larry on the project."	<ul style="list-style-type: none"> Have someone on site to talk about relevant topics Don't waste time orienting new people Work with people who can be manipulated Have a trustworthy person on the project
"Get me a brochure on the upcoming executive conference."	<ul style="list-style-type: none"> Enroll in the conference Have a sample document to compare print quality/cost Gather information on related topics
"I need you to give me a copy of my AS/400 Software License Agreement."	<ul style="list-style-type: none"> Prepare for a company merger Understand legal aspects of cancellation Be audit ready

What Is It?

A model for identifying the customer's positions (conclusions or assumptions) and the possible underlying interests they want to satisfy. Customer negotiations focused on positions versus interests are more likely to result in win-win outcomes.

Why Is It Used?

- To prepare for negotiations
- To help generate possible options that both the customer and Team IBM can agree to
- To achieve better negotiation outcomes
- To broaden opportunities or reengineer visions by better understanding true customer needs

How Is It Used?

- For negotiation preparation, clarify Team IBM interests and estimate the customer's
- During negotiations, question to understand the customer's interests when positions are opposed
- During vision reengineering, to help the customer consider other approaches

What Input Is Required?

- Customer conversation

When Is It Used?

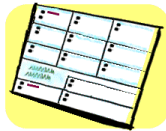
Remembering to understand interests can be helpful in all SSM steps. It is very important in negotiating a contract in step 6.

Key Points to Remember:

- This model can also be useful for helping Team IBM during cross-matrix negotiations.
- Listening for interests is a skill that requires practice.

Related Sales Aids:

Negotiation Template, 9-Block Model



Negotiation Template

Issue A

Your/IBM Interests	Possible Customer Interests	Relevant Standards
• • •	• • •	• • •
Relative Rank	Relative Rank	

Issue B

Your/IBM Interests	Possible Customer Interests	Relevant Standards
• • •	• • •	• • •
Relative Rank	Relative Rank	

Issue C

Your/IBM Interests	Possible Customer Interests	Relevant Standards
• • •	• • •	• • •
Relative Rank	Relative Rank	

What Is It?

Template to help Team IBM prepare for negotiations

Why Is It Used?

- To aid the contract negotiation process
- To help achieve successful negotiated outcomes by doing thorough preparation
- To ensure all of Team IBM is in agreement with the issues and IBM priorities
- To demonstrate a professional sales approach to contract negotiations

How Is It Used?

- Seller (possibly with the help of IBM Contracts and Negotiations) identifies Team IBM and the Customer's Interests relative to each issue to be negotiated.
- Relevant Standards, which will be persuasive to the customer, are considered.
- Possible Options, which could be offered to the customer, are developed.
- Additional Options are created by looking at trade-offs between issues based on the relative importance to Team IBM and the customer.
- Alternatives (unilateral ways to satisfy Interests) are considered, and the BATNA (Best Alternative to a Negotiated Agreement) selected.

What Input Is Required?

- Value Proposition
- Information from completed Evaluation Plan activities
- 9-Block Model conversations
- Past customer negotiation practices

When Is It Used?

During step 6 to prepare for contract negotiations.

Key Points to Remember:

Even if sellers do not have negotiation authority, they can help the rest of Team IBM in the negotiation process by understanding the customer interests and priorities.

Related Sales Aids:

Negotiation Template, 9-Block Model

Negotiation Preparation

Negotiation

- Identify issues that require the assistance of Contracts and Negotiations.
- Plan long term.
- Identify areas of common ground and value.
- Develop a range of acceptable objectives based on relevant standards.
- Understand and improve your Best Alternative To a Negotiated Agreement (BATNA).
- Be flexible; understand the **interests** behind the issues to be negotiated.

Negotiation Template - Continued

Customer Priorities	4				
	3				
	2				
	1				
		1	2	3	4
IBM Priorities					

Possible options to offer:

-
-
-
-
-

Your BATNA: _____

Ways to strengthen:

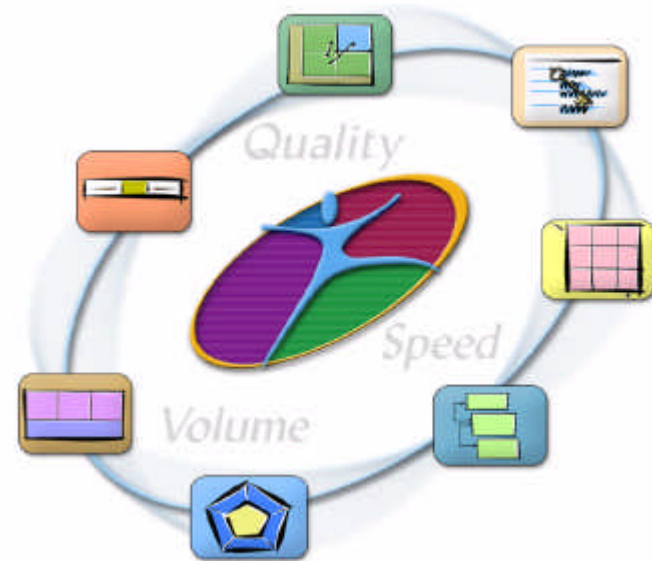
-
-
-
-
-

Customer BATNA: _____

Ways to weaken:

-
-
-
-
-

Signature Selling Method



Step 7

Step 7

SSM Step 7



Monitor Implementation & Ensure Expectations Are Met

When the customer is:

Opportunity Owners / Relationship Reps lead these activities:

We will be successful when we achieve this outcome:

Which can be verified by:

And should be reflected internally by:

Implementing the Solution and Evaluating Success

- Work with customer to track solution benefits
- Manage implementation activities to meet or exceed customer expectations
- Checkpoint with customer to ensure that the Conditions of Satisfaction are met or exceeded
- Regularly review progress with key sponsors
- Look for ways to extend customer value and create new IBM opportunities

☒ Customer acknowledges the value of the Team IBM solution

- Customer benefit metrics implemented and results confirmed
- Transaction Survey Results (Goal = Very Satisfactory)
- Customer-approved reference story
- New opportunity created or identified

- Opportunity Learning Review
- Account Plan updated with new potential opportunities identified from this success
- Opportunity added to reference database

☒ Indicates Worldwide Standard

SSM Benefits the Customer, IBM, and You

Customers see Team IBM:

- ▶ Aligning with them
- ▶ Planning before executing
- ▶ Delivering business value
- ▶ Selling total solutions

Step 7:

- ▶ Measure customer satisfaction*
- ▶ Establish project reviews
- ▶ Measure benefits and deliver value*
- ▶ Create reference*

Which results in you and Team IBM seeing:

- ▶ **Speed** in the sales cycle by spending time with the right customer on the right issues
- ▶ **Speed** to engage / disengage with the right resources
- ▶ Higher **quality** and more **volume** in the pipeline
- ▶ **Higher win rate** due to added differentiation and broader value proposition

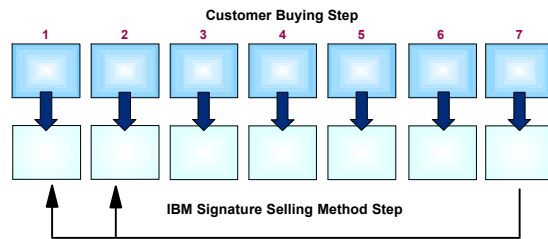
*Evidence of Verifiable Outcomes

Step 7

Step 7

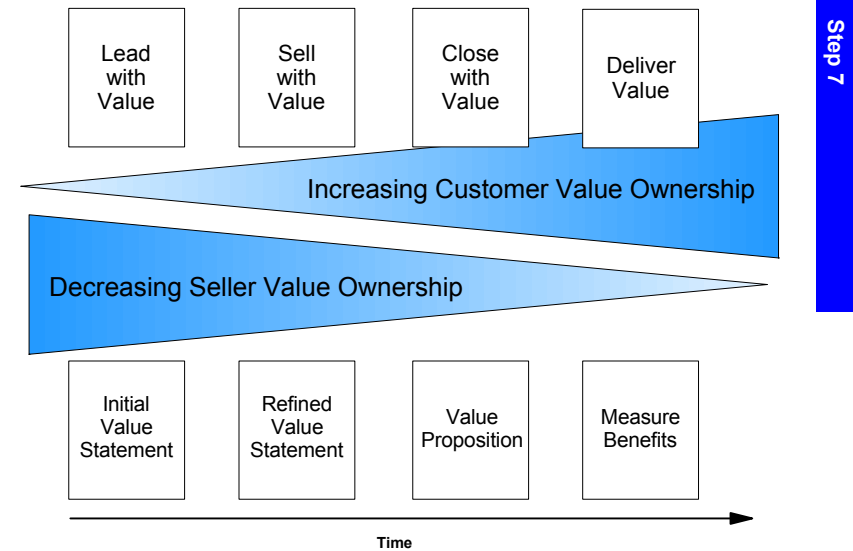
Create New Opportunities

- Leverage what you know about the customer's business and IT environment.
- Grow relationships with key players in the customer organization.
- Use common method, language, and sales aids to bring new IBM colleagues into the account.
- Initiate thought leadership conversations based on customer knowledge gained throughout the sell cycle.
- Build customer reference stories for other IBM opportunities.



Over time, the value of the opportunity has shifted from a vision of the sellers to something to be measured by the customer.

Meeting the Customer's Value Expectation



References for SSM

General

- **SSM Sales Aids - via COMPASS Web site**
<http://w3-3.ibm.com/sales/compass>
- **High Performance Selling (HPS)**
<http://w3.ibm.com/sales/highperformanceselling>
- **SSM Sales Aids to Sell Software Solutions**
<http://w3.software.ibm.com/ssr> (IBM internal)
<http://partnerinfo.software.ibm.com> (Business Partners)

More Learning Opportunities

- **SSM Fundamentals - a web lecture**
<http://lt.lahulpe.ibm.com/online/lt6747e/> (IBM Intranet)
CD-ROM: SV31-6724
- **SSM Sales Aids - an online tutorial**
<http://w3.ibm.com/sales/compass> (IBM Intranet)
Note: This course is distributed on CD-ROM to Business Partners enrolled in the SSM Selling Workshop.
- **SSM Sales Scenarios - online simulated sales calls**
<http://w3.ibm.com/sales/compass> (IBM Intranet)
CD-ROM: SV31-6789
- **SSM Account Planning Workshop - Global Campus course**
code SSMA P
- **SSM Opportunity Planning Workshop - Global Campus**
code SSMOP
- **SSM e-business Opportunity Mining**
<http://w3.ncs.ibm.com/knowledgebase.nsf>
- **IBM Negotiator**
<http://w3.ibm.com/sales/compass> (IBM Intranet)
- **Conflict Management**
<http://w3.ibm.com/sales/compass> (IBM Intranet)

OM Notes Enhancements

- Sales aids are accessible within OM Notes at the appropriate sell cycle section.
- OM Notes allows collaboration by attaching rich text documents (including sales aids) to opportunities for sharing among teammates
- New field added-sell cycle at detail record level (also added to MSM).
- Use only when one component is at different sell cycle than others.
- Supports enhanced pipeline management.

Other References

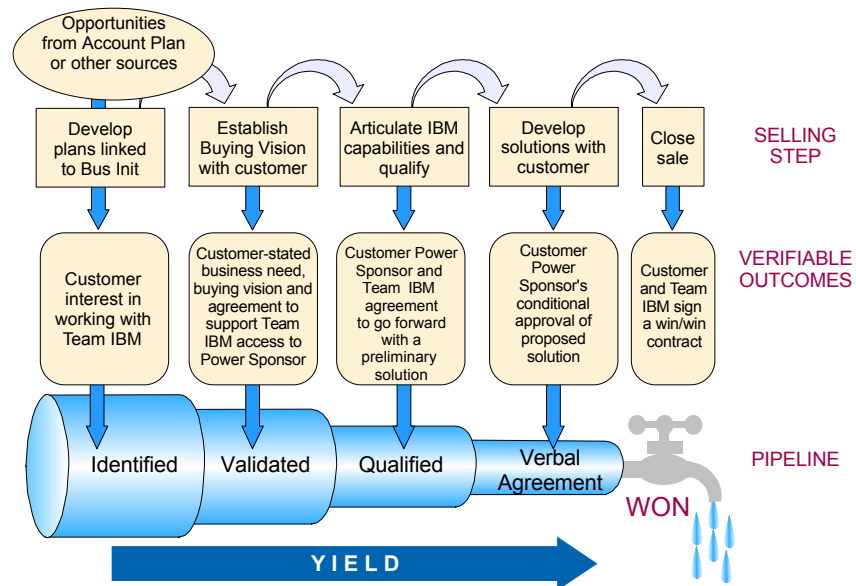
- **Justify**
Justify is a financial analysis tool to analyze investment and acquisition alternatives for hardware, software, and services. Justify for Windows is available to IBMers from the IBM Standard Software Installer (ISSI).
- **Opportunity Plan**
Sales COMPASS contains an electronic version of the Opportunity Plan. This sales aid ties together several other sales aids to help organize information about an opportunity.
w3-3.ibm.com/sales/compass/sigsel/sigsel00/content.html

Managing Sales

This final section has been included to help you identify where an opportunity is in the sales cycle and to help you come up with strategies to move the opportunity forward.

- Managing Sales using SSM
- Pipeline Analysis
- Closing the Gap
- Key Opportunity Analysis and Review
- Getting Started

SSM Supports Pipeline Management





SSM Opportunity Milestones Worksheet

Opportunity Name: _____
 Potential Revenue (\$K) _____
 Active or Thought Leadership A T

Opportunity Milestone

	Plan Dates	Completed Dates	Activities	Evidence to be reviewed (Sales Aids)
Develop Plans Linked to Customer Business Initiatives			<input type="checkbox"/> Account / Territory plans in place <input type="checkbox"/> Potential opportunity aligned with Business Initiatives or thought leadership <input type="checkbox"/> Compelling reason to act <input type="checkbox"/> Potential Sponsor identified <input type="checkbox"/> Opportunity assessment or disengage	• Business Initiatives • SAM • TIM • Opportunity Assessment
	Identified			
Establish the Buying Vision with the Customer			<input type="checkbox"/> Pain admitted by Sponsor <input type="checkbox"/> Vision created with sponsor <input type="checkbox"/> Business Initiatives and needs confirmed <input type="checkbox"/> Conditions of satisfaction initial dialogue <input type="checkbox"/> Access to Power Sponsor negotiated <input type="checkbox"/> Sponsor Communication in place	• Opportunity Assessment • Organization Map • Sponsor Communication
	Validated			
Articulate IBM Capabilities and Qualify the Opportunity			<input type="checkbox"/> Communications initiated with Power Sponsor <input type="checkbox"/> Pain admitted by Power Sponsor <input type="checkbox"/> Vision Created with Power Sponsor <input type="checkbox"/> Preliminary Solution and value statement developed <input type="checkbox"/> Evaluation Plan proposed <input type="checkbox"/> Evaluation Plan agreed upon by Power Sponsor	• Power Sponsor Communication • Opportunity Assessment • Win Plan • Evaluation Plan • Preliminary Solution • Conditions of Satisfaction
	Qualified			
Develop Solution with Customer			<input type="checkbox"/> Value Proposition approved <input type="checkbox"/> Evaluation plan elements completed <input type="checkbox"/> Pre-proposal review <input type="checkbox"/> Conditional approval received <input type="checkbox"/> Proposal issued, if required <input type="checkbox"/> Contract negotiations in process	• Evaluation Plan checkpoints • Value Proposition • Solution Blueprint • Win Plan
	Verbal Agreement			
Close Sale			<input type="checkbox"/> Have contracts been signed <input type="checkbox"/> Implementation schedule in place	• Pre-proposal review
	Won			

How Can an Opportunity Be Moved Forward?

The following table indicates some common strategies to move opportunities forward.

Moving Opportunities Forward: Questions to Ask

When Opportunities Are <u>Not</u> Moving...	Then Ask:	And Review These Aids:
From SSM Step 1 to Identified	<ul style="list-style-type: none"> How current is the Account Plan? Was a business development campaign used effectively? What are key Business Initiatives and priorities? Where is thought leadership being used? 	<ul style="list-style-type: none"> Business Initiatives SAM and TIM Opportunity Assessment Key Players List
From Identified to Validated	<ul style="list-style-type: none"> How are you creating a buying vision? What evidence do you have that the sponsor will support your access to Power? What is the compelling reason to act? 	<ul style="list-style-type: none"> 9-Block Vision Creation Model Value Statement Sponsor Communication Opportunity Assessment
From Validated to Qualified	<ul style="list-style-type: none"> Is an Evaluation Plan in place? Are we working with the Power Sponsor? Does customer agree with Preliminary Solution and Refined Value Statement? What is your competitive strategy? 	<ul style="list-style-type: none"> Organization Map Power Communication/Eval Plan Pain Sheet Conditions of Satisfaction Competitive Strategies
From Qualified to Verbal Agreement	<ul style="list-style-type: none"> Has customer accepted our Value Proposition? Is a Solution Blueprint in place? Is there a mutually agreed proposal and price? Is the Evaluation Plan on schedule? Do we know what it takes to close the business? 	<ul style="list-style-type: none"> Evaluation Plan Integrated Solution Concept Value Proposition Solution Blueprint Win Plan
From Verbal Agreement to Won	<ul style="list-style-type: none"> Have contracts been prepared? Should Contracts & Negotiations be involved? Do you understand the customer's interests for outstanding issues? Your BATNA? Do we understand the customer's formal acquisition process? Are we negotiating effectively? 	<ul style="list-style-type: none"> Pre-proposal Review Positions vs. Interests Negotiation Template

What Is It?

- Track completed activities for any opportunity.
- Provide a reference point: "Where am I in this opportunity?"
- Summarize the opportunity status for Team IBM management.
- Identify problem areas: "Why am I spending so long in step 3?"
- Suggest sales aids that can be used to move opportunities forward.

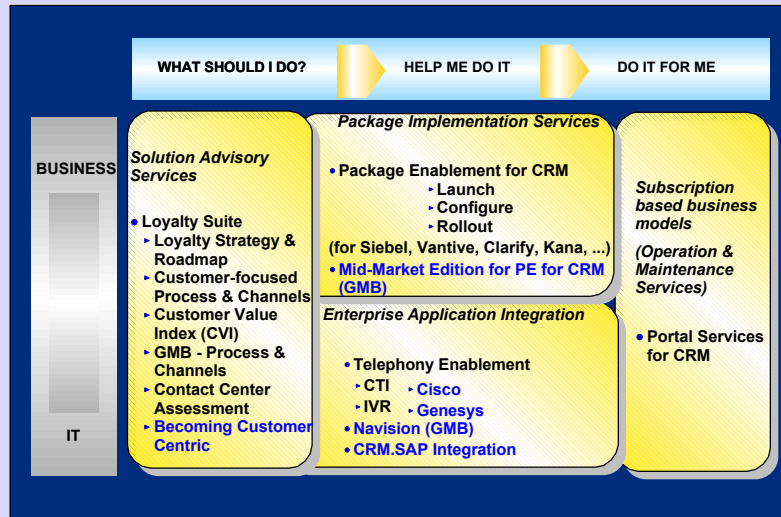
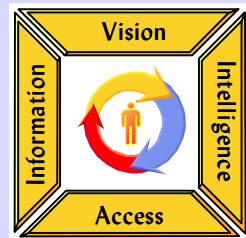
Why Is It Used?

To track opportunities currently in process.

Becoming Customer Centric and the BCC Maturity Model

A workshop has been developed to help Team IBM with customers who want to focus on their customers. This workshop is conducted on the client site and runs one to one and a half days. A free version of the workshop is available at ABI. You can learn more about the offering at:

<http://www.ibm.com/ibm/palisades/abi/>



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